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NEWSPAPER OF THE YEAR

FINANCIAL TIMES

Weekend May 30/May 31 1992 EUROPE'S BUSINESS NEWSPAPER D 8523A

Compass to lead contract catering after buying rival

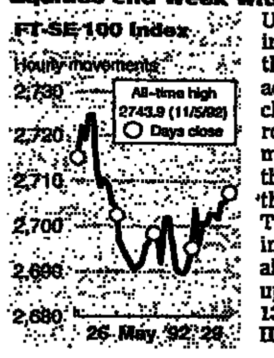
Compass Group is set to become the UK's biggest provider of meals in staff canteens through the £500m ($900m) purchase of bigger rival Gardner Merchant from Forte, hotels and restaurants group.

Its partner in the deal, paying between £50m and £100m, is ARA Services, a private US company whose food services interests range from the provision of the traditional hot-dogs at US ballparks to acting as official caterer for the Barcelona Olympic Games. Page 22; Lex, Page 22

Bush authorised Iraqi aid: President George Bush authorised military and economic assistance for Saddam Hussein 10 months before Iraq invaded Kuwait, according to newly declassified documents made public yesterday. Page 2

Bond jailed for 2½ years: A West Australian court sentenced Alan Bond, the bankrupt entrepreneur, to 2½ years in prison for acting dishonestly during a A$370m ($280m) corporate rescue five years ago. Page 3

Equities end week with strong gains:



UK share prices were in fine form as the three-week trading account drew to a close, with another record-breaking performance by Wall Street the driving force behind the London market. The FT-SE 100 share index ended comfortably above 2,700, closing up 13.4 at 2,707.6. Page 13; Weekend FT, Page II; Lex, Page 22

BT faces flood of payoff seekers: BT, UK telecommunications group, which is spending nearly £1bn to persuade 20,000 employees to leave, may be left in the embarrassing position of attracting too many applicants. Page 4

Eurotunnel wins breathing space: Eurotunnel earned a temporary reprieve from its bankers when the syndicate providing £6.8bn of credit facilities said the company could draw further funds. Page 8; Lex Page 22

Court blow for Pirelli: Hostilities between Continental, the Germany tyre company, and Pirelli, its Italian rival and former suitor, flared after a Hanover court approved the German company's rules which limit voting rights per shareholder to 5 per cent of the total. Page 10

Israel extends Gaza ban: Israel yesterday extended the order barring Palestinians living in the Gaza Strip from entering Israel, their main source of work, and is said to be considering a permanent ban on men aged under 30. Page 3

Trade ministers seek Nafta deals: Trade ministers from the US, Canada and Mexico are seeking a series of bilateral deals on the most sensitive regional trade issues in an attempt to prevent a breakdown in the talks on the North American Free Trade Agreement. Page 2

Estonia to introduce national currency: The Baltic state of Estonia has announced it will introduce its own national currency – the Estonian kroon – to coexist with roubles in short supply.

Disrobing of Christ fetches record price:

A painting by El Greco sold for a record £1.87m ($3.36m) in London yesterday. The Disrobing of Christ (left), a smaller version of the celebrated painting in Toledo cathedral, was the highlight of a two-day sale of Spanish art at Christie's. The previous record for a work by El Greco was £1.5m, set in 1990. Page 4

Churchmen meet Sinn Fein: Senior Protestant churchmen have held a second round of talks with Sinn Fein leaders in an attempt to persuade the IRA to call off its terror campaign.

Afghan president's aircraft hit: A aircraft carrying Afghan President Sibghatullah Mojadidi into Kabul was hit by hostile fire but landed safely with the pilot injured.

France cancels football cup: The French soccer cup will not be awarded in 1992 because of the May 5 Corsican stadium disaster in which 15 people died when a temporary stand collapsed.

■ STOCK MARKET INDICES

FT-SE 100:	2,707.6	(+13.4)
Yield	4.53	
FT-SE Eurotrack 100	1,199.58	(+4.36)
FT-A All Share	1,311.78	(+0.3%)
Nikkei	18,347.75	(+416.50)
New York: lunchtime		
Dow Jones Ind Ave	3,413.73	(+15.30)
S&P Composite	417.86	(+1.12)

■ US LUNCHTIME RATES

Federal Funds:	3⅝%
3-mo Treas Bills: Yld	3.77%
Long Bond	101$\frac{1}{32}$
Yield	7.739%

■ LONDON MONEY

3-mo Interbank	10$\frac{1}{16}$%	(10⅛%)
Liffe long gilt future:	Jun 99$\frac{3}{32}$	(Jun 99$\frac{1}{32}$)

■ NORTH SEA OIL (Argus)

Brent 15-day (July)	$20.675	(20.65)

■ Gold

New York Comex (Jun)	$338.4	(337)
London	$338.95	(337.1)

■ STERLING

New York lunchtime:		
$	1.829	
London:		
$	1.829	(1.8065)
DM	2.94	(2.9375)
FFr	9.8675	(9.8625)
SFr	2.665	(same)
Y	233.5	(234)
£ Index	92.9	(92.6)

■ DOLLAR

New York lunchtime:		
DM	1.607	
FFr	5.3685	
SFr	1.4565	
Y	127.75	
London:		
DM	1.607	(1.6265)
FFr	5.395	(5.48)
SFr	1.4575	(1.4755)
Y	127.7	(129.5)
$ Index	63.1	(63.8)

Tokyo close Y 128.33

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Revised trial data led Britain to ban Halcion

By Paul Abrahams

BRITAIN banned Halcion, the controversial sleeping pill which is still on sale in many other countries, after receiving details of a clinical trial in which half of the patients taking the drug suffered "psychiatric events" including hallucinations and amnesia.

Revised data from the trial provided by Upjohn, the US company which makes Halcion, demonstrated a "very high frequency" of adverse side effects, according to a report on the drug by the UK's Committee on Safety of Medicines (CSM). The committee, which advises the Department of Health, said there was a causal link between Halcion, the world's best-selling sleeping pill, and psychiatric events.

The drug was banned in the UK last October after Upjohn refused to withdraw the drug voluntarily.

Norway, Finland, Bermuda and Argentina also withdrew the drug, while restrictions on dosing levels have been imposed in France and Spain. The final result of an appeal in the UK by Upjohn is expected imminently.

The CSM report raises questions as to why an advisory panel of the US Food and Drug Administration, which had access to the revised data, recommended last week that there was no reason to withdraw Halcion.

The document, obtained by Scrip, an independent London-based industry newsletter, alleges Upjohn failed to report 73 per cent of psychiatric events recorded during a clinical trial in 1972.

The trial, known as Protocol 321, involved testing the drug on prisoners in the US. Such testing has since been abandoned.

The original data submitted by Upjohn suggested there were only 123 psychiatric events among prisoners taking the drug. However, the company admitted in revised data last year that 453 events were recorded. Upjohn said yesterday the 73 per cent under-recording was due to a transcription error.

The new data was only provided by the company last year after defence lawyers in a US murder trial argued that Halcion was to blame for a woman murdering her mother. The defendant, Mrs Ilo Grundberg, shot her mother eight times while allegedly under the influence of Halcion. She was acquitted.

The FDA is still investigating alleged irregularities in procedures and reporting practices in the original data. Upjohn said yesterday it was co-operating with the review, but maintained it had not intentionally misled the regulatory agency.

Upjohn said Protocol 321 had been discussed at the FDA advisory panel on May 18. The company said it stood by the evidence given at that time and by the decision of the committee. Upjohn said Halcion was safe and effective when used as recommended for short-term treatment, although it admitted no drug was always used as advised.

Halcion's worldwide sales fell by 39 per cent during the first quarter of this year. Last year Halcion accounted for $237m (£131m) of Upjohn's $3.4bn sales.

● Upjohn announced yesterday it was beginning a strategic review of all operations. It plans to freeze wages and stop hiring until the study is complete.

Canary Wharf has month to find funds

By Robert Peston and Philip Stephens

CANARY WHARF has only a month to bring in new investors and to persuade the government to move civil servants to the office development if it is to avoid a liquidation which could make it a ghost town.

This was the bleak message yesterday from Mr Michael Dennis, the Olympia & York director who masterminded Europe's biggest office development, and from Mr Michael Pickard, chairman of the London Dockland Development Corporation.

But Mr John Major, the prime minister, also made clear yesterday that the government plans to tell Canary Wharf's administrators, who took control of the project on Thursday, that the £400m contribution agreed by O&Y towards the extension of London Underground's Jubilee Line is "non-negotiable".

Meanwhile the administrators, who are three partners of Ernst & Young, have been deciding which of Canary Wharf's running costs need to be cut immediately.

There are fears that an early victim will be the Riverbus Partnership, which provides the only commercial passenger service on the River Thames. O&Y has only a minority holding in Riverbus; however it has been covering the losses generated by the service.

Mr Pickard, who is the main policy maker outside of central government for Docklands, said that rapid decisions had to be taken by government and potential investors in Canary Wharf if the project was not to be damaged irreparably.

A number of companies, including American Express and Texaco, are understood to be reviewing whether they should move to Canary Wharf as they had planned to do.

Both Mr Pickard and Mr Dennis said a government commitment to move 2,000 civil servants to Canary Wharf needs to be made quickly, to reassure these companies and prevent the occupancy rate falling to such a low level at which liquidation would be inevitable.

Mr Pickard pointed out that the Canary Wharf buildings were technologically far more sophisticated than most UK buildings. Unless they were carefully maintained, which might not take place if the project was liquidated, the buildings could deteriorate badly.

He said the regeneration of Docklands could be set back by three or four years if Canary Wharf was not kept as a going concern. He said the costs of such a delay far outweighed the "small sums" needed from government and investors to keep Canary Wharf afloat.

Meanwhile, Mr Dennis disclosed that O&Y has drawn up a list of 20 investors with sufficient resources to rescue Canary Wharf. It began its search for such investors three months ago, at the suggestion of Citicorp, the US bank with a substantial exposure to O&Y's worldwide operations.

The potential investors include the investment offices of most of the oil-rich Gulf states, the Singapore government's investment office and a handful of international insurance companies. Mr Li Ka-Shing, the Hongkong investor is also on the list, but there has been no contact between O&Y and Mr Li.

There were also suggestions yesterday that Lord Sterling,

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■ Canary off its perch
■ Docklands: the year 2000

Moslem militia check the damage to a building hit by shellfire in the centre of the Bosnian capital, Sarajevo, yesterday

Fierce artillery attack on Dubrovnik

By Laura Silber and Judy Dempsey in Belgrade and Michael Littlejohns at the United Nations

THE HISTORIC Croatian port of Dubrovnik came under fierce attack yesterday and Sarajevo, the besieged Bosnian capital, suffered its worst bombardment in nearly three months as the war in the former Yugoslav republics intensified.

Defying growing international anger, the Yugoslav federal army launched a ferocious artillery attack on Dubrovnik and Serb irregulars, backed by the army, tightened their grip on Sarajevo.

The United Nations Security Council is expected to agree a tough package of sanctions against Serbia over the weekend.

Witnesses said sirens wailed as the attack on Dubrovnik began and residents ran for cover in basement shelters. Smoke rose over the old city and from the Hotel Argentina, outside the walls of the medieval centre. One rocket hit St John's Tower, part of the city's walls.

"There is one hell of a battle going on, apparently to get our airport," said Ms Ruth Ewins, a British woman living in Dubrovnik. The attack happened just two days after army units withdrew from the surrounding hills and as Croatian forces were within a few miles of regaining control over the Adriatic coastline.

The motive for the attack was unclear, although one European diplomat said the assault was made by army units "out of spite" for being forced to withdraw from Dubrovnik's hinterland.

In Sarajevo, Serb militia continued to exchange fire with Moslem and Croat forces after the army pounded the city with multiple-rocket launchers in the early hours.

Mr Boro Kontic, a Bosnian journalist contacted by telephone, said shelling "was the worst kind ever", adding that the army and Serb irregulars were still preventing food, water, and medicine reaching the besieged city. Ms Nada Mladena, a Serb paediatrician, told an independent Belgrade radio station that Serb extremists had attacked a children's clinic and as well as a Serbian orthodox church in Tuzla, north-east of Sarajevo.

In New York, a majority of UN security council members backed sweeping economic measures,

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Aid sought for refugees, Page 2

Belling calls in receivers

By Bethan Hutton

BELLING and Company, the UK electric cooker manufacturer whose table-top Baby Belling has been a mainstay of British bed-sitters for generations, has gone into receivership.

Mr Paul Jeffery, one of the receivers appointed yesterday from KPMG Peat Marwick, said: "The company has been suffering from the effect of a depressed market."

Receivers were called in after negotiations with potential buyers fell through.

The company appears to be another victim of the recession, which last year forced one of its main competitors, Electrolux, to close a factory in Birmingham with the loss of 550 jobs. Belling has been making a loss for more than three years, and its indebtedness now stands at about £25m.

The future of 950 staff at the main site in Enfield, north London, and 300 in Burnley, Lancashire, was unclear last night. "It is early days, and there have been no redundancies to date," Mr Jeffery said.

"We are reviewing the position. My immediate priority is to sell the business. It is a very well-known brand name and we are anticipating keen interest in the company. We are seeking buyers for it both in this country and internationally," he said.

Belling has made cookers for more than 60 years, and became a household name with the Baby Belling, a table-top oven with two electric rings. It now makes a range of cookers, and is one of three UK market leaders in free-standing appliances.

In 1990 Belling undertook a big redesign and marketing programme, just before being hit by the recession and a drop in sales of white goods. Domestic demand for new cookers has dropped by about 30 per cent over the past three years.

Belling's commercial director, Mr Simon Turner, left the company earlier this month to rejoin Philips.

London Markets, Weekend II

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Austria Sch30; Bahrain Din1.000; Bermuda $1.65; Belgium BFr60; China FEC 12; Canada C$1.40; Cyprus C£1.00; Czechoslovakia Kcs35; Denmark DKr14.00; Egypt E£4.00; Finland Fmk10; France FFr8.50; Germany DM3.30; Greece Dr250; Hong Kong HK$16; Hungary Ft162; Iceland IKR160; India Rup20; Indonesia Rp3,800; Israel NS5.50; Italy L2500; Japan Y600; Jordan JD1.20; Korea Won 2500. Kuwait Fils.500; Lebanon US$1.25; Luxembourg LFr60; Malaysia Rin4.50; Malta Lm0.50; Morocco Dh11.00; Nigeria Naira20.00; Netherlands Fl3.50; Norway Nkr18.00; Oman OR1.20; Pakistan Rs35, Philippines Pso 45; Poland Zl 18000; Portugal Esc190; Qatar QR10.00; S.Arabia Rls9.00. Singapore S$4.10; Spain Pta200, Sri Lanka Rup30; Sweden SKr14.00; Switzerland SFr3.00; Taiwan NT$65; Thailand Bht50; Tunisia Din1.000; Turkey L6000; UAE Dh9.00; USA $1.25. (Alaska & Hawaii $1.75)

Bush agreed aid to Saddam in late 1989

By Alan Friedman in New York

PRESIDENT George Bush authorised military and economic assistance for Mr Saddam Hussein 10 months before Iraq invaded Kuwait, according to newly declassified documents made public in Congress yesterday.

The documents, made public as part of the continuing investigation by the House Banking Committee of the Banca Nazionale del Lavoro (BNL) Iraqi loans scandal, include National Security Directive 26. This was an order directing US aid to Iraq as a way to moderate Mr Saddam Hussein. It was signed by Mr Bush on October 2, 1989.

The politically charged hearing yesterday also disclosed documents showing that Commerce Department officials last year altered 68 US export licences to Iraq to remove references to military uses.

The political fall-out for President Bush of yesterday's hearings remains uncertain. But the disclosures come just days before the House Judiciary Committee is set to begin hearings on whether to seek the appointment of a special prosecutor to investigate the Bush administration's alleged involvement in the BNL affair and the arming of Iraq.

Congressional Democrats led by Mr Henry Gonzalez, chairman of the House Banking Committee, appear to believe their investigation is gaining momentum. The tone was set yesterday when Mr Sam Gejdenson, chairman of a House Foreign Affairs subcommittee, termed Mr Bush's 1989 directive "a foreign policy blunder of the first order".

The relevant sentence in Mr Bush's directive stated that "as a means of developing access to and influence with the Iraqi defence establishment, the United States should consider sales of non-lethal forms of military assistance, e.g. training courses and medical exchanges, on a case-by-case basis".

The president did include a caveat in his executive order which stated that the Iraqi leadership should be made to understand that any illegal use of chemical or biological weapons would lead to economic and political sanctions.

Mr Gonzalez also complained yesterday at the refusal by Mr Boyden Gray, the personal counsel to President Bush, to testify before the committee.

Mr Allan Mendelowitz, an official probing the BNL affair for the General Accounting Office – the Congressional investigative arm – meanwhile told the committee his team had encountered varying degrees of obstacles, delays and a lack of co-operation from departments and the CIA.

Brussels weighs value of Eurocrats

By Andrew Hill in Brussels

THEY clutter up Brussels' best restaurants, use their inflated salaries to push up rents for native Bruxellois, and park their polluting cars in the locals' spaces.

Many Belgians have mixed feelings about the transient Eurocrats and their hangers-on. But Brussels' aspirations to be the political capital of Europe have brought growth as well as gripes, according to a report published yesterday.

Mens en Ruimte, a Brussels consultancy, has calculated that the Belgian capital benefited from BFr96bn (£1.6bn) last year, directly or indirectly spent by EC institutions, diplomats, lobbyists, journalists and other businesses. They make up a total of 46,000 people, half of them Belgian and all employed in the service of the European ideal.

The report was commissioned by Mr Jos Chabert, the Brussels minister responsible for external relations. Part of his job involves convincing citizens that their snooty EC neighbours are not merely the "Euro-parasites" publicly reviled by some extremists.

Instead, he said yesterday, they brought "prestige, well-being, growth and jobs" to Brussels and Belgium. And the 75 per cent real increase in house prices since 1985 was due mainly to other external factors and not to the influx of non-Belgians.

Compared with diplomats and EC "fonctionnaires", the 581 international journalists – the largest press corps in the world outside Washington – had the least lavish spending habits. But, as the report added tactfully, "the non-quantifiable, but certainly appreciable value of their presence lies in the image of the European capital they convey to millions of readers, listeners and viewers around the world".

Unfortunately, there was not much to report about the EC institutions' contribution to the Brussels economy yesterday: most Eurocrats had decided to add to Thursday's Ascension Day holiday and take Friday off.

Residents and tourists watch smoke from Mt Unzen, a volcano in south-west Japan. An eruption on June 3 last year killed 40 people.

UN seeks aid for Bosnian refugees

By Judy Dempsey and Laura Silber in Belgrade

THE United Nations High Commission for Refugees yesterday made an impassioned plea for international financial assistance, food and medicine, saying the scale of the refugee and humanitarian crisis in Bosnia-Hercegovina was beyond all expectations.

"In the name of all the victims and displaced persons, we appeal to all sides in the conflict to let us renew our operations in Bosnia-Hercegovina," said Mr Jose Maria Mendiluce, head of the UNHCR mission overseeing humanitarian aid to the republics of the former Yugoslavia.

Mr Mendiluce said 500,000 people were now displaced in Bosnia, while over 1m were cut off from any supplies.

"There is fighting all over the towns and villages in Bosnia. Paramilitary groups are forcing people to leave their homes. Others are fleeing before the fighting starts in their villages," he said.

"The economy in Bosnia is collapsing. The people in the cities are without any supplies."

The UNHCR requires $141.9m (£78.8m) to cope with its relief programme from November 1991 to April 1993 in the former Yugoslavia. So far, however, it has obtained only $25m.

Over 1m Moslem, Serbs, and Croats have already fled the republic since the fighting began last month following the international recognition of Bosnia's independence.

"If the war does not stop, and if relief supplies are not allowed through, then Croatia and Serbia must be prepared to accept hundreds of thousands of refugees," Mr Mendiluce said in Belgrade, the Serbian capital.

The UNHCR and the International Red Cross were recently forced to pull out of Bosnia-Hercegovina after Serb paramilitary groups repeatedly fired on relief convoys, while the Yugoslav federal army and Serb militias have blocked off Sarajevo airport.

"We were forced to stop all operations because of these blockades," said Mr Mendiluce. "Our staff, our vans, and our supplies have been repeatedly attacked. There is no respect for the symbols [of the UNHCR and the Red Cross]." A Swiss relief worker was killed by a Serbian mortar attack last week in the Bosnian capital.

Despite these setbacks, Mr Mendiluce said UNHCR was continuing to negotiate safe passage for its convoys. But he acknowledged that he was not hopeful after previous pledges of safe conduct had been repeatedly broken.

US offers EC more time over farm subsidies

By Nancy Dunne in Washington and David Buchan in Brussels

US OFFICIALS have offered the EC a big concession in negotiations over farm trade which would allow the Community 7-10 years to reduce the volume of subsidised farm exports by 24 per cent, according to an authoritative report in Washington.

Officials who met Mr Frans Andriessen, EC external affairs commissioner, last week offered a longer time for the subsidy cuts instead of accepting a lower level of cuts, as previously proposed by Mr Jacques Delors, the EC president.

The offer, part of a US endeavour to break a 16-month deadlock over agriculture trade, is not expected to be enough alone to resolve the Gatt talks. The stalemate is blocking completion of the Uruguay Round at a cost of billions of dollars a year in lost trade.

Officials in Brussels said yesterday they saw little hope of a Gatt breakthrough because new US proposals for the Community to take more land out of production would require unpicking the EC farm reform package carefully stitched together last week.

EC farm ministers last week agreed radical reform of the Common Agricultural Policy. The agreement included provisions that European farmers should be compensated for price support cuts, provided they took at least 15 per cent of their land out of cereal production, beginning in 1993-94. The degree of this required "set-aside" would be reviewed each year thereafter.

But the US told Mr Andriessen it wanted the EC to commit itself to set aside more than 15 per cent for the full planned five-year life of a Gatt accord. "It will be very difficult to re-negotiate any part of last week's CAP reform deal," said one official yesterday.

The US concession on grain subsidies is not likely to find much support among American farm groups. Their main, long-standing concern – and that of their counterparts in Canada, Australia and other farm exporting nations – has been to rid the world grain market of trade-distorting export subsidies.

Carmakers accuse Hungary on van tariff

By Nicholas Denton in Budapest

WESTERN vehicle companies yesterday accused Hungary of violating international trade agreements by giving customs preferences to Ford as a reward for making investments in Hungary.

The protest followed a government decree which set an 18 per cent tariff on imported vans – with exemption for vehicles with specifications which, in practice, are met only by Ford Transit models.

The timing of the new tariffs, just as the US carmaker opened an $83m (£46m) components plant in western Hungary and announced a further $18m investment, heightened suspicions that the tariff rules have been re-written to make the investment more attractive.

The Hungarian Association of Vehicle Importers, representing Fiat, Renault and other foreign companies, issued a furious statement that the customs preferences broke Hungary's international commitments by discriminating against specific products.

Neither Ford nor the Hungarian government denied the claims but government officials argued that as Budapest had not explicitly named any particular company in the customs decree it had not broken any international rules.

The new burst of protectionism follows the tightening of car import quotas earlier this year in response to appeals by Suzuki of Japan and General Motors of the US, which have both built car plants in Hungary.

Ironically, western multinationals have become eastern Europe's most effective lobby for protection and their efforts to link investment commitments to guaranteed markets have become all the more intense as local demand has fallen below expectations.

The latest dispute echoes a recent case in Poland where Warsaw divided a 50,000-car import quota among just three western companies which were investing in the country. That row prompted appeals to the European Commission in Brussels by other importers excluded from the deal.

This week's accusations of illegal trading practices come at an awkward time for Hungary, which is waiting for ratification of its EC association agreement by EC parliaments and cannot afford to alienate west European lobbies.

Japanese housing market recovery

By Robert Thomson in Tokyo

JAPAN'S housing starts in April rose 0.4 per cent from a year earlier, the first increase in 18 months and a sign that the recession in the residential property market appears to have bottomed out.

Meanwhile, the unemployment rate fell from to 2.1 to 2 per cent during the month, though the jobs-to-applicants ratio fell from 1.22:1 to 1.17:1, as the labour shortage eased in tandem with the slowing of the economy.

The recovery in the housing market was uneven, with houses built for sale down 28 per cent, while owner-occupied starts and houses for rent showed increases. Starts of corporate dormitories rose 15.5 per cent, reflecting companies' attempts to attract high-quality labour with high-quality accommodation.

Large numbers of unsold apartments remain on the fringes of Tokyo and Osaka, Japan's second largest city, where there was a flurry of speculative building in 1989 and 1990 before the housing market collapsed. Until April's increase, starts had fallen for 18 consecutive months.

Leading apartment builders are forecasting a tentative recovery in the year ahead, with demand strongest for two-bedroom apartments of around Y40m (£171,000), the budget end of the Japanese market. Office occupancy remains at around 95 per cent or above in Tokyo, but renewed construction of delayed projects is expected to depress this rate in coming months.

Japan's jobs-to-applicants ratio has been in continuous decline since it peaked at 1.47:1 in March last year, and the present rate is the lowest since early 1989.

The Ministry of Labour said the fall in new job offers was likely to continue until after summer, despite the acute labour shortage in various sectors, including the retail and construction industries.

Search for bilateral deals in Nafta talks

By Bernard Simon in Ottawa

TRADE ministers from the US, Canada and Mexico are seeking a series of bilateral deals on the most sensitive regional trade issues in an attempt to prevent a breakdown in the talks on the North American Free Trade Agreement.

The bilateral talks will include farm trade and textiles and may be extended to the motor trade.

A senior Canadian official indicated yesterday that, while progress had been made on some fronts in recent weeks, several key issues were likely to be resolved only through bilateral agreements among the three countries, or by one participant exempting itself from sections of the trilateral pact.

Negotiators are drawing up three separate agreements on agriculture. In addition, Canada is resisting pressure from the US and Mexico for tighter rules of origin on clothing and textile imports, and may end up sticking with the rules in the 1989 US-Canada free trade agreement (FTA).

The three countries' chief negotiators meet in Washington next week to identify the issues which require political decisions.

The forthcoming ministerial meeting is expected to take place in Mexico.

Sensitive issues which remain unresolved include rules of origin for computers and the threshold for duty-free status for automotive imports, currently at 50 per cent between the US and Canada.

US and Canadian concerns about curbs on foreign investment in Mexico's energy industry are being at least partly addressed by Mexican moves to narrow the definition of petrochemical sectors covered by the prohibition on investment.

The Nafta pact is expected to break new ground in the area of competition policy. Although it will not contain any rules, the agreement will commit participants to some form of co-operation in promoting competitive markets.

Mitterrand backs defence freeze

By William Dawkins in Paris

FRENCH President François Mitterrand has approved plans to freeze defence spending for at least the next three years and to delay several important programmes.

The freeze at today's prices, which will amount to a decline in real terms, is contained in the six-year defence framework programme from 1992 to 1997. The programme, which lays out firm budget proposals for the first three years only, will be presented to parliament for final approval in mid-June.

The defence budget is already rising below the rate of inflation, to FFr195bn (£19.73bn) this year. Yet French defence cuts do not run nearly as deep as those made by the UK, US or Germany in response to the break-up of the Soviet Union.

Among the main points are a more than 20 per cent reduction in army numbers, which has already been announced and starts next year, and a 60 per cent reduction in heavy armoured vehicles, Mr Jean-Michel Boucheron, president of the defence commission, told Libération newspaper. It marked "a turning point in a new geostrategic situation." The aim was to restructure, not to disarm too fast, he said.

The main delays are for Dassault aircraft group's Rafale fighter jet, now to start deliveries two years late, in 1998, and the NH-90 helicopter, being developed with Germany, Italy and the Netherlands, for delivery three years late, in 2002. Orders for the Leclerc tank, developed by Giat, the state-owned armaments group, are to be reduced and delayed and a new generation of nuclear submarines is to be shelved.

● Nearly 40,000 jobs were lost in France in April, when unemployment rose by 1.4 per cent from March to 2.9m people, or 10 per cent of the workforce, writes Alice Rawsthorn in Paris.

Joblessness is one of the main problems facing Mr Pierre Bérégovoy's socialist government. The rate has risen from 9.9 per cent in March and 9.4 per cent a year ago.

Russian deputies block reforms

By John Lloyd and Dmitri Volkov in Moscow

EFFORTS by the Russian government to push through vital measures on privatisation, the centrepiece of its economic reform, have been foiled by the Russian parliament.

Ministers last night angrily accused pro-communist and nationalist forces of seeking to derail the reforms.

Mr Boris Yeltsin, the Russian president, has in his trip round the country in the past few days threatened to go over the heads of parliamentary deputies by calling a referendum on a new constitution and on private ownership of land.

Parliament yesterday refused to pass a new law and a state programme on privatisation, leaving the government without the tools to introduce vouchers for the population.

At the same time it demanded that workers in enterprises get at least 51 per cent of the stock of privatised companies.

On Thursday, parliament turned down a draft law on bankruptcy, regarded by ministers as necessary to force inefficient enterprises to the wall as an example to others.

Mr Pyotr Filipov, a pro-reform deputy who heads the privatisation subcommittee in parliament, said: "I get the impression the pro-Communist and nationalist deputies, in their failure to pass the bankruptcy law and the privatisation documents, want to force the president to hold a referendum at a time of rising public discontent. They see this as a means of regaining power".

Mr Mikhail Gorbachev, the former Soviet president, meanwhile, told the Komsomolskaya Pravda daily he saw "the most terrible economic and political consequences" from the Russian government's "increasingly authoritarian policies".

● Estonia, smallest of the three Baltic republics, said it would soon introduce its own currency, the kroon, to run parallel with the rouble, now in short supply. Ukraine said it would introduce rouble coupons from July 1 in all domestic transactions.

Bulgarian N-safety plan

BULGARIA has received international industry backing for plans to improve safety at its troubled Kozloduy nuclear power plant, officials said yesterda, Reuter reports from Sofia.

The Balkan state hopes to restart two units currently out of action by the end of 1992.

Kozloduy has six reactors, but the two oldest Soviet-built 440-megawatt units have been shut down since last September for repairs after international criticism over safety standards.

The European Community has given Bulgaria Ecu11.5m (£8m) for the upgrading programme at Kozloduy, which provides 40 per cent of the country's power.

Major makes friends in east Europe

Former Soviet satellites want more than just EC membership, reports Philip Stephens

THERE was a simple objective behind Mr John Major's tour of central Europe this week: to convince the governments of Poland, Czechoslovakia and Hungary to look to Britain as their natural ally in western Europe.

As he returned home yesterday, the British prime minister was content he had made a good start. But he had learnt also that the aspirations of the former Soviet satellites are running far ahead of what is on offer from the west.

The leaders of the three countries accepted with alacrity an invitation to visit London during Britain's presidency of the European Community later this year. They praised Mr Major's commitment to act as a sponsor in their efforts to secure membership of the EC by the turn of the century.

Making appearances in Warsaw, Prague and Budapest does not quite add up to striding on the world stage. But fresh from his election victory, Mr Major left behind him an image of the sort of secure political leader they need to fight their corner in the western club they are so anxious to join.

In Prague Czechoslovak president Vaclav Havel publicly congratulated the British electorate on their choice on April 9. In Budapest, President Jozsef Antall was equally effusive about Mr Major's efforts to play a prominent role in shaping Hungary's new relationships with the west.

Mr Major intends to reinforce that goodwill by putting preparations for enlarging the Community at the centre of the six-month British presidency which begins in July.

He is aware that even Hungary, the most advanced of the three in terms of the transition to a market economy, is unlikely to be ready for membership until the year 2000.

For Poland, in the grip of political paralysis and economic crisis, even that looks impossibly ambitious. In Czechoslovakia, the impending elections have put a serious question mark over its future as a unitary state. And, despite the evidence of blossoming capitalism in all three countries, they remain desperately poor by EC standards.

From this Mr Major concludes that the Community must do more rather than less to reassure them that the pain of economic adjustment will in the end be rewarded with membership of the club.

He promised to press during the presidency for a joint declaration publicly committing the Community to their eventual inclusion. On a more practical level, he will seek to ensure that the association agreements signed with Brussels last year do not have to wait for formal ratification by every EC state before being put into action.

He takes as the basic premise a view that an organisation established to entrench democracy in western Europe cannot now deny the same framework to the fledgling democracies of the east.

His stance has also a domestic political dimension. Mr Major is aware that the aspirations of his European partners to deepen rather than widen the Community may produce in two or three years a new series of tensions within his own Conservative party. He wants by then to have entrenched, as a positive alternative to federalism, the notion of a Community of 20 or so sovereign nations.

If this happy coincidence of self-interests brought him an enthusiastic welcome in central Europe, Mr Major was told by his hosts that membership of the Community marked the beginning rather than the end of their ambitions.

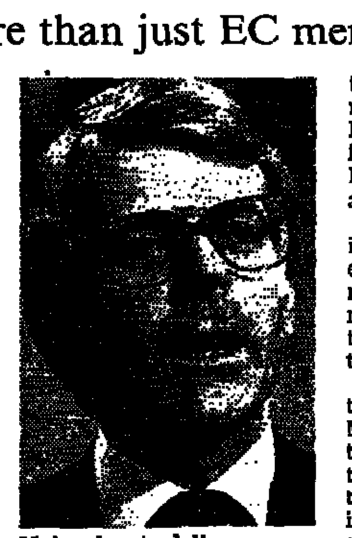
The recurring theme in the three capitals was that the rebuilding of communist economies along capitalist lines had to be accompanied by much stronger guarantees of their political and military security.

In Warsaw, Mr Jan Olszweski, the Polish prime minister, warned that the security vacuum in the area needed to be filled by a pledge to extend Nato's security umbrella to central Europe. The Conference on Security and Co-operation in Europe (CSCE) was not strong enough to replace the anchor once provided by the Warsaw Pact.

Mr Havel made the same point in Prague, drawing a comparison between the 15 permanent staff who work for the CSCE and the 30,000 employed by the United Nations. Like its neighbours Czechoslovakia wanted the security of the US military umbrella which could only be provided by Nato.

It was not a pledge that Mr Major could give. With much of the former Soviet empire in turmoil, no western leader is prepared to pledge an extension of the military guarantees which underpin Nato. A vague suggestion that it would be a natural corollary of EC membership was as far as the British prime minister would go.

Mr Major's hosts did not press the point. They judged that their visitor had demonstrated his credentials as a powerful sponsor of their cause within the Community. Now he must deliver.



Major: has to deliver

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Israel extends bar on Gaza Palestinians

By Hugh Carnegy in Jerusalem

ISRAEL yesterday extended the order barring Palestinians living in the Gaza Strip from entering Israel, their main source of work, and is said to be considering permanently banning men under 30 years old from leaving the strip.

It also prepared to stop Palestinians from the West Bank entering Jerusalem tomorrow during celebrations to mark the 25th anniversary of Israel's capture of the Arab half of the city in 1967.

Mr Moshe Arens, the defence minister, admitted during the week that cutting off access to work in Israel, which accounts for around half of all Gazan employment, was likely to increase frustration in the impoverished area and lead to further acts of violence.

The government orders were prompted by fears of further clashes between Israelis and Arabs following intensified violence during the week.

The murder of a 15 year-old Israeli girl in the Tel Aviv suburb of Bat Yam on Sunday led to five successive nights of rioting by angry residents, many chanting "death to Arabs".

The atmosphere worsened when a Jewish settler was stabbed in Gaza on Wednesday.

With the general election on June 23 less than four weeks away, the hardline Likud party government led by Mr Yitzhak Shamir is anxious to respond to public pressure for a tough security clampdown.

Israeli forces were also in action again in Lebanon yesterday.

They advanced from the "security zone" they maintain in southern Lebanon to blow up seven houses in two villages suspected of harbouring Palestinian and Lebanese guerrillas.

Reports from the area said they planted roadside bombs, wounding three people in passing cars, before withdrawing.

It was the first time since February that Israeli infantry had advanced beyond the limit of the security zone.

Israeli forces have attacked guerrilla targets, mainly of the Hizbollah Moslem fundamentalist militia, every day for more than a week in one of the severest bouts of fighting in the area for months.

Some 30 Lebanese and one Israeli soldier have been killed in the Lebanon fighting since May 19.

Six Palestinians and three Israelis have died in the West Bank, Gaza and Israel over the past week, including two Arab collaborators mistakenly killed by Israeli under-cover soldiers.

Shia Moslem children peer through a gate in Arnoon, south Lebanon, after the Israeli army had bulldozed six houses

ANZ denies losses in Indian scam

By Bruce Jacques in Sydney and R C Murphy in Bombay

THE ANZ Banking Group has again denied that it faces losses in the so-called bankers' receipt scams that have rocked the Indian banking system.

ANZ Grindlays general manager for South Asia, Mr Bob Edgar, yesterday backed up an earlier ANZ statement which said the bank had no reason to anticipate losses from bankers' receipt shortfalls or associated transactions.

"Some sections of the Indian media have referred to a request from the Reserve Bank of India to ANZ Grindlays to make a provision for the disputed amount, relative to the alleged transaction with National Housing Bank," Mr Edgar said.

"ANZ Grindlays have denied the existence of the alleged transaction. ANZ Grindlays' connection with this matter is only in respect of cheques processed in the normal course of business. ANZ does not believe that it is liable in this matter and has strong legal opinion to support this view. We have been co-operating with the Reserve Bank of India to solve these problems arising from the dealings of banks in the securities market."

Bond jailed for acting dishonestly

By Kevin Brown in Perth

A WESTERN Australian court yesterday sentenced Mr Alan Bond, the bankrupt entrepreneur, to two-and-a-half years in prison for acting dishonestly during a A$370m (£153m) corporate rescue five years ago.

Mr Bond, the former chairman of Bond Corporation Holdings, showed no emotion as he was sentenced by Judge Peter Blaxell in the Perth district court. Mrs Eileen Bond, his divorced wife, burst into tears as he was led away by police.

Mr Bond was convicted on Thursday of dishonestly inducing Mr Brian Coppin, a Perth businessman, to subscribe to a rights issue during the rescue of Rothwells merchant bank after the 1987 global stock market crash.

The court heard that Mr Bond concealed an agreement with Mr Laurie Connell, the chairman of Rothwells, that Bond Corp would receive a A$16m success fee for helping to organise the rescue.

Mr Bond denied that the agreement existed, and claimed he had no intention of misleading Mr Coppin. However, the jury accepted Mr Connell's evidence that Mr Bond had negotiated the fee.

Mr Ian Callinan, defending, said Mr Bond had acted without premeditation at a time when he was suffering from jetlag and tiredness caused by the "extraordinary circumstances" of the stock market crash.

Judge Blaxell said it would be grossly unfair to make Mr Bond a scapegoat for the events surrounding the Rothwells rescue – which is the subject of a royal commission investigating alleged corruption and mismanagement. He also commended Mr Bond for the "quiet dignity" he showed during the five-day trial. However, prison was the only appropriate penalty.

Mr Bond, 54, was declared bankrupt last month with debts and contingent liabilities of A$700m. He resigned as chairman of Bond Corp in September 1990, two days before the group announced a record loss of A$2.2bn.

Mr Bond is under investigation by the Australian Securities Commission, the federal corporate watchdog, and has figured in other inquiries into corporate behaviour.

Charges are outstanding against several other former entrepreneurs, including Mr Connell and Mr Christopher Skase, former chairman of Qintex Australia.

De Klerk to visit Russia and Japan

By Philip Gawith in Johannesburg

PRESIDENT F.W. de Klerk leaves tomorrow on a week-long visit to Russia, Japan and Singapore which marks a further important step in South Africa's diplomatic rehabilitation.

The trip begins in Russia where Mr de Klerk will be Mr Yeltsin's first official visitor since he took over as Russian President. South Africa and Moscow established full diplomatic relations in February and consulates will soon be established in Cape Town and St Petersburg.

Mr Neil van Heerden, director-general of the Department of Foreign Affairs, said there had been "quite furious contact" at commercial level between South African business organisations and their Russian counterparts. He said the current trip, however, would be mostly of symbolic importance. "Two years ago if I said we were going to Moscow you would have not believed it." A small group of communists in Moscow opposes the trip, arguing that Mr Nelson Mandela, the ANC leader, should have been received before Mr de Klerk.

A formal trade agreement between the two countries will probably be signed later this year. Aerospace technology has been mentioned as a possible area of trade, with the Russians apparently keen to sell aircraft and space launches.

Of potentially greater commercial importance will be Mr de Klerk's visit to Japan with whom diplomatic relations were normalised earlier this year. Japan was South Africa's leading trading partner in 1987 before it froze trade at those levels as a sanctions measure. Trade between the two countries was $3.4bn (£1.88bn) in 1991, but there is very little Japanese investment in South Africa, following a 20-year investment ban. Singapore is seen as an entry point for trade into East and Central Asia.

NEWS IN BRIEF

Czechs need $50bn to counter pollution

Czechoslovakia will have to spend more than $50bn (£27.7bn) to curb heavy pollution and bring its environmental standards up to acceptable levels, the World Bank said yesterday, Reuter reports from Washington.

"[Czechoslovakia] has become one of the world's most polluted countries," the Bank said in its World Bank News publication. "It will ... be decades before the country's main environmental problems are solved." The Bank said it had approved a $246m loan for Czechsolovakia to help the country's major power plants run more efficiently and reduce air pollution. "These plants are Czechoslovakia's largest polluter, generating tons of sulphur dioxide and dust," it said.

US growth revised up

The US economy grew at an annual rate of 2.4 per cent in the first quarter, rather than 2.0 per cent as initially reported, revised figures from the Commerce Department indicated yesterday, writes Michael Prowse in Washington.

This was the fourth consecutive quarter of growth and the best performance for the US economy since the beginning of 1989. Many analysts, however, had expected a bigger upward revision. The faster growth mainly reflected upward revisions to corporate inventories and fixed investment, partially offset by weaker net exports. The figures showed a sharp improvement in corporate profitability in the first quarter.

W German inflation slows

Western German inflation slowed slightly in May to an annual rate of 4.5 per cent, compared with 4.6 per cent in April, according to preliminary data issued by the Federal Statistics office yesterday, Reuter reports from Wiesbaden.

The inflation rate hit a 10-year high of 4.8 per cent in March and is one of the key factors behind Germany's record-high interest rates, which have in turn been blamed for stunting economic growth throughout Europe. The office said that prices in western Germany had risen by 0.3 per cent from April, the same increase as in the previous month.

Italians strike over pay

Engineering workers throughout Italy yesterday staged two stoppages in protest over employers' refusal to pay index-linked wages, writes Robert Graham in Rome.

The protest was also backed by CGIL, the largest of the three main trade union confederations, with members striking in local administration and some schools. The strikes were a foretaste of tough negotiations on wages and labour costs between the unions, employers and the government due to begin on Monday.

Recovery in air traffic

World airline passenger traffic will recover quickly over the next three years after a setback in 1991, the International Civil Aviation Organisation (ICAO) said yesterday, writes Daniel Green. ICAO predicted annual growth of more than 10 per cent in the Asia-Pacific region, by 1994, while growth in Europe was likely to remain below 2 per cent a year. The agency estimated that average world growth in 1992 would be 4.2 per cent, rising to 5.3 per cent in 1993 and 6.4 per cent in 1994.

Bank backs taping of dealers' phone calls

By Richard Waters

THE BANK of England yesterday backed the practice of tape-recording telephone calls made by dealers in some of the City's biggest financial markets, but stopped short of making it compulsory.

MPs had called for the practice to be made compulsory. The Bank said yesterday it "strongly recommends" taping, and it will require banks and brokers that do not tape dealers' telephone calls to explain why.

Compulsory taping was urged by the Commons Treasury and Civil Service committee last year after its investigation into how up to 35 local authorities came to have about £88m deposited with Bank of Credit and Commerce International at the time it was shut down last July.

The councils had deposited the money through money brokers, who act as intermediaries in the wholesale financial markets. Some councils complained that brokers should have warned them about the risks of leaving their cash with BCCI.

While investigating those claims, the MPs called for compulsory taping to help prevent disputes about the terms on which deals are done. Taping is common in fast-moving markets such as foreign exchange and derivatives, but less common in the equity market and the wholesale money markets – through which institutions such as banks and local authorities invest surplus cash.

The Bank said compulsory taping would go against the philosophy of its code of conduct for the foreign exchange and wholesale deposit markets, which was based on best practice rather than obligation. The cost might also be prohibitive for some institutions, it said.

Under the Bank's code of conduct for brokers and others in the wholesale financial markets, it is up to local authorities and others to satisfy themselves about the creditworthiness of institutions they deal with. The MPs said that was not made clear enough, and urged that the code be "rewritten more precisely so the current opportunities for misunderstanding are removed".

A revised code of conduct issued yesterday makes clear that local authorities and other principals in the market are entirely responsible for their own actions and cannot rely on brokers' views. The bank also said it would distribute the code more widely, including to international users of the London markets, as MPs had asked.

● In a further change to its code, the Bank has warned brokers and banks to be wary of companies using the foreign exchange markets to hide losses that they would otherwise have to report to their shareholders. It was prompted by concerns expressed by regulators in Japan, the US and Germany.

The abuse involves companies that have arranged a forward currency deal extending the expiry date, so that any losses on deals are delayed until after their balance-sheet date. Such "window-dressing" allows them to hide losses. Banks that are asked to extend expiry dates on deals – a practice which is becoming increasingly common – should satisfy themselves about the purpose, the Bank says.

Major about to honour Thatcher

A RUSH on stocks of scarlet and ermine robes looks certain next week as the prime minister gives final approval to a dissolution honours list, Ivo Dawnay writes. It will be heavy with the familiar names of departed cabinet ministers.

Top billing on the list, due to be published on Friday, will be for Mrs Margaret Thatcher. As a former prime minister she is entitled to an earldom, but is said to have opted to go to the upper house with a simple life peerage, possibly as Baroness Thatcher of Finchley.

To the surprise of some, Dr David Owen, the former SDP leader, is expected to be named a life peer on the recommendation of the prime minister.

Other former Cabinet ministers in line for the Lords include many big names of the Thatcher years – Sir Geoffrey Howe, Mr Nigel Lawson, Mr Cecil Parkinson, Mr Nicholas Ridley, Mr Norman Tebbit, and Mr Peter Walker.

But the glut of ex-cabinet ministers – by convention all are entitled to a life peerage on leaving the Commons – means some may be postponed.

It is thought that Mr George Younger, who is due to inherit the title Viscount Younger of Leckie on the death of his father, may have offered to waive his claim for the time being to help the prime minister slim his list.

For Labour, Mr Neil Kinnock will have prepared a list with guidance from Lord Cledwyn of Penrhos, the party's leader in the Lords, who is known to favour of promoting only those who will act as working peers.

None the less, a peerage is thought certain for Mr Denis Healey, a cabinet minister under both Lord Wilson and Lord Callaghan and the party's deputy leader from 1980 to 1983.

Mr Merlyn Rees, home secretary from 1976 to 1979, is also in line, as is Mr Jack Ashley, the deaf Stoke-on-Trent South MP and veteran campaigner for the disabled.

Burnley group is put on sale

LAIRD GROUP, the car parts, building products and packaging group, is putting its aero-engine components business up for sale.

Burnley Engineering Products, the Burnley-based subsidiary, which recorded sales of £17.4m last year, will close when orders are fulfilled – about the end of this year – unless a buyer is found. The business, which broke even last year but is now recording losses, employs 339 people.

The decision follows declining orders from Rolls-Royce, the company's principal customer, and a strategic review of Laird's businesses.

Wensleydale output ceases

PRODUCTION OF North Yorkshire's Wensleydale cheese ceased in the area yesterday as Dairy Crest closed its creamery in Hawes.

Sixteen of the 59 employees accepted redundancy. The rest were sent home with four weeks' pay while Dairy Crest, a Milk Marketing Board subsidiary, examined "several" offers for the factory. The transfer of production to Longridge, Lancashire, will begin next week.

Tribunal ruling

A PREGNANT shop assistant who said she was dismissed after complaining about a rule banning sitting at work has lost her claim of sex discrimination.

In a written judgment, an industrial tribunal found that Buckingham Retail, a costume jewellery concession operation in Morley's department store in Brixton, south London, had not constructively dismissed Ms Francilla Languedoe, 31.

£20m house

A HOUSE in Mayfair, London, with 10 bedrooms and a 52 ft ballroom has been sold for £20m, which is thought to be the highest price paid for a single family house in the UK. The 22,000 sq ft property in Chesterfield Gardens was sold for £10m in 1986.

Office is named

THE GOVERNMENT department established last month under Mr William Waldegrave, with responsibility for the Citizen's Charter, has been named the Office of Public Service and Science. It inherited the science remit from the former Department of Education and Science, now named the Department for Education.

BT faces flood of payoff seekers

By David Goodhart, Labour Editor

BT, THE telecommunications group, which is spending nearly £1bn to persuade 20,000 employees to leave the company, may be left in the embarrassing position of attracting too many applicants.

According to initial calculations, about half the 200,000 workforce is interested in taking a closer look at how the generous redundancy terms of BT's Release 92 would work for them. Mr David Scott, BT industrial relations manager, agreed that the figure was a sign of poor morale.

BT has been facing a slowdown in business and increased competition in the past few years. It has speeded up its redundancy programme in the hope of reaching productivity levels comparable with those of US telephone companies.

Payments for people volunteering to leave may be as high as £100,000 plus pension entitlement, although the average payoff is likely to be closer to £30,000.

The BT workforce remained static for six years after privatisation in 1984. Since 1990, 30,000 jobs have gone – mainly in clerical, telephone operator and managerial posts. The target for 1992-93 is a total reduction of 24,000.

BT insists it is firmly committed to avoiding compulsory redundancies.

See Lex

Remote control: BT has developed a video headset at its Martlesham laboratories, near Ipswich, that makes it possible for experts to guide workers in the field, such as ambulance workers with difficult cases. A small camera mounted on the headset transmits the view as the operator sees it to a screen at a base station. Directions can then be sent through the headphones and their effect be monitored. *Photograph Ashley Ashwood*

Transport secretary angers 'greens'

By Richard Tomkins, Transport Correspondent

MR John MacGregor, transport secretary, angered the "green" lobby yesterday by using his first keynote speech in the post to extol the virtues of the Department of Transport's roadbuilding programme.

Environmentalists and the public transport lobby had hoped that Mr MacGregor would build upon the switch of emphasis in favour of railways initiated by Mr Malcolm Rifkind, his predecessor.

Mr MacGregor told a meeting of business people in Plymouth, Devon, that road improvements could be "good news" for the environment and it was time that was more widely recognised.

He said suggestions that the expansion of the road network would devastate the environment were wrong. The UK had an environmentally-conscious approach to its road programme: for example, the department's heavy emphasis on bypasses hugely improved conditions in towns and villages by-passed.

In addition, every road project had to pass an environmental assessment.

Ms Judith Hannah, of the pressure group Transport 2000, said on BBC Radio that Mr MacGregor's speech looked as if it had been written by the road lobby, who were "trying to apply greenwash" to the cause of Britain's transport woes.

Industrialists quit business school in row

By Ian Hamilton Fazey and Andrew Adonis

A DISPUTE at one of Britain's top business schools has led 14 captains of industry and commerce to resign from its council and call on Mr John Patten, education secretary, to set up an inquiry into the school's affairs.

The 14 have resigned as private-sector, lay representatives on the council of Manchester Business School, claiming that the school is poorly run and fails to maintain partnership with the business community.

They are led by Sir Dennis Landau, chief executive of the Co-operative Wholesale Society, and include Mr David Sieff, a director of Marks and Spencer; Sir Peter Middleton, chairman of Barclays de Zoete Wedd and former permanent secretary to the Treasury; and Mr Andrew Noble, chairman of Specialeyes and former managing director of Debenhams.

In a letter to Mr Patten, the 14 highlight "a mutual lack of confidence and trust" between them and the university authorities, and "a complete breakdown of the concept of partnership on which MBS was founded and which has helped it to develop to the very successful institution it is today".

The Department of Education said yesterday that Mr Patten was "highly unlikely" to intervene in Manchester University's "internal affairs".

The status of MBS as an integral part of Manchester University is the main source of the dispute. Unlike the London Business School, the other 1960s creation of the Franks report into British management education, MBS has not gained autonomy from its parent institution.

The MBS board has been seeking to achieve that autonomy but the university authorities, initially sympathetic, have come down firmly against. They want instead to promote greater co-operation between MBS and the larger management school at the University of Manchester Institute of Science and Technology.

Accordingly, the Court of Manchester University voted a fortnight ago to assume direct responsibility for the school's management and to abolish its separate council in due course. The lay representatives decided to resign the next day.

The dispute has forced Professor Tom Cannon, the school's director, to take "diplomatic" study leave. It is understood that he intends to resign when he returns to the office on Monday.

The University of London is a federation, while Manchester has the faculty and departmental shape of most of the redbrick universities of its era.

Recognising that, Sir Dennis and his colleagues say in their letter to Mr Patten: "It is apparent that the constitution of our universities, granted by charter many years ago, may be due for revision. The powers granted for the dispensation of public funds are hardly suited for present-day conditions."

Hopes for TUC talks with Shephard

By David Goodhart

LEADERS OF the Trades Union Congress will meet the employment secretary, Mrs Gillian Shephard, in 10 days amid signs that a friendlier and more constructive dialogue between unions and the government can be established.

Mr Norman Willis, TUC general secretary, and his deputy Mr John Monks will meet Mrs Shephard on June 9. They are keen to establish more common ground than existed with Mr Michael Howard, her more hard-line predecessor.

TUC officials say that they have lately been receiving encouraging signs from senior Department of Employment officials suggesting that Mrs Shephard is interested in more than a token meeting.

They believe she would not have produced a white paper like Mr Howard's, hostile to collective bargaining and even moderate trade unionism.

Re-establishing a better dialogue with the government is especially important to the TUC at present as its future is increasingly being questioned by the larger unions.

In view of its lack of success as a government lobbyist in recent years, some unions want the TUC to stop thinking of itself as a trade-union civil service and concentrate on two or three functions, such as lobbying in the European Community. The TUC has no direct representative in Brussels.

Whatever Mrs Shephard's real feelings, she will be unable to back away from any of the Conservative manifesto commitments drawn from the white paper – especially reform of the "automatic check-off" of union dues and the abolition of the Bridlington agreement under which the TUC regulated inter-union disputes.

Mrs Shephard might concede something to the TUC in the detail of those proposals. On check-off, it has not yet been decided whether members have to be consulted only every three years or also every time dues are increased.

Coal sell-off may get aid

By Juliet Sychrava

THE GOVERNMENT may provide cash support for efforts by managers and miners to buy all or part of British Coal when it is privatised, Mr Tim Eggar, energy minister, said yesterday.

"The government will in the right circumstances provide financial help to a management and employee buy-out team," he said at the annual conference of the British Association of Colliery Managers (Bacom) in Blackpool.

The money would be designed to help British Coal employees assemble a bid for part or all of the corporation and to pay for any financial advice they might need.

The statement was welcomed by Mr Roy Lynk, president of the Union of Democratic Mineworkers. "I take this as a very positive sign", he said.

Mr Lynk said he believed that Mr Eggar and Mr Michael Heseltine, who as trade and industry secretary is ultimately responsible for energy, were more sympathetic to the coal industry than Mr John Wakeham, the former energy secretary. "This a manifestation of the new breath flowing through the department," he said.

Mr Eggar, who emphasised his confidence in the future of the UK coal industry, said employee buyouts could be a very successful way of privatising companies.

Mr Lynk said that clearly indicated that Mr Eggar considered the UDM's own plans to bid for all or part of British Coal were "very acceptable".

The plans are already well advanced. The UDM has formed a consortium with Lloyds Merchant Bank, which is now approaching potential investors in an employee-led buyout of British Coal if the opportunity arises.

Mr Lynk said he expected Bacom, which is also interested in bidding, to join the UDM consortium.

Provisional deal on pit lease

By James Buxton, Scottish Correspondent

BRITISH COAL yesterday provisionally agreed to lease the mothballed Monktonhall colliery, near Edinburgh, to Monktonhall Mineworkers, a consortium of miners, which will be granted a 10-year licence to operate the pit.

If, as seems likely, the agreement is finalised, Monktonhall will become the first full-scale deep mine in the UK to be operated by a private-sector company since coal was nationalised in 1947. Currently, private-sector operators run only small or open-cast mines.

Monktonhall Mineworkers has been negotiating with British Coal to take over the mine since last December, when the consortium was declared the preferred bidder.

Earlier this month British Coal said it was reopening negotiations with Caledonian Mining, a privately owned company based at Newark in Nottinghamshire, after the mineworkers' consortium appeared unable to provide the necessary finance.

In the past few weeks, however, at least 100 members of the consortium have each agreed to invest £10,000 in the company, compared with the original stake of £2,000. The Life Association of Scotland, a life assurance company, has offered individual members of the consortium loans to help them pay for their shares.

Last night Caledonian Mining said it was "surprised" that British Coal had decided to negotiate an agreement with Monktonhall Mineworkers. It said it would still be available to take on the pit if the deal with Monktonhall Mineworkers fell through.

Monktonhall Mineworkers has faced considerable opposition from Labour party-controlled local authorities, which have questioned the consortium's ability to operate the mine and cast doubt on its sources of finance.

Labour urged to seize Rio agenda

By Ivo Dawnay, Political Correspondent

LABOUR must seize the environment and development agenda of the Earth Summit in Rio de Janeiro this week as central themes for the 1990s, Mr John Smith, the favourite to win the party leadership, said last night.

In a campaign meeting in Newcastle upon Tyne, the shadow chancellor fleshed out his vision of an international green alliance between less-developed and industrialised countries to devise solutions to Third World needs.

Mr Bryan Gould, his rival for the leadership, speaking in his Dagenham constituency, defended the importance of the public sector. He insisted that standards must be maintained and jobs, wage rates and working conditions defended under compulsory competitive tendering or privatisation.

Mr Smith's speech is intended to underline his personal commitment to development as the principal priority in foreign policy.

Expressing fears that disarray among the industrialised countries meant the Rio summit would fail to make any real advances, he said environmental and development issues were inextricably linked.

Similarly, it was essential for the wealthy north to promote development in the southern hemisphere, both on ethical grounds and in its own interests. The developing world's issues such as foreign debt burdens, access to capital and technology and trade barriers had to be allied to other questions such as education, women's rights and improved resource management.

"These are not simply what some people would condescendingly describe as Third World issues. Rather, they are global concerns which matter to everyone . . . ultimately as important to our own community as they are beginning to be to the community of nations," he said.

Mr Gould attempted to reinforce his backing among public-sector employees by emphasising his record as shadow environment secretary in pointing up the defects in policy on compulsory tendering.

Acknowledging that tendering and privatisation would continue under the Conservatives, he said Labour's task was to ensure that private-sector employers matched the standards of the public sector.

"Privatisation and CCT should not be allowed to operate as pretexts for doing a bad job with inadequate, badly trained and badly paid staff," he said.

On the road: McLaren, the British racing car manufacturer, yesterday launched its first production road car in Monaco. The F1 is a three-seat, mid-engined coupé with a central driving position, powered by a 550hp V12 engine built by BMW Motorsport in Germany. It will go into production late next year and sell for £530,000

Grade appeals to OFT over football deal

By Raymond Snoddy

MR MICHAEL GRADE, chief executive of Channel 4, yesterday appealed to the Office of Fair Trading to review the issue of media concentration after the Premier League football deal with British Sky Broadcasting.

He told the British Society of Magazine Editors that a new investigation would be in the interests of "the poor viewer" whose sovereignty the 1990 Broadcasting Act was supposed to protect.

"On the evidence of the football deal and similar deals to come, Margaret Thatcher's Broadcasting Act is short-changing the customers," Mr Grade said.

He said News International told last year's Sadler inquiry into cross-media promotion that it had not used the editorial contents of its newspapers "unduly to promote Sky". Mr Grade said the assurances given to the Sadler committee were worthless.

News International is the biggest shareholder in BSkyB, in which Pearson, owner of the Financial Times, has a stake.

SALEROOM

El Greco reaches auction record

CHRISTIE'S in London yesterday auctioned paintings by the four most celebrated Spanish artists – El Greco, Murillo, Zurbarán and Goya. It sold the works of the first two, but failed with Zurbarán and Goya. The auction totalled £6.6m, with 27 per cent unsold.

"The Disrobing of Christ", a smaller version of the celebrated painting by El Greco in Toledo cathedral, sold for £1.87m, within estimate and an auction record for the artist. A "Madonna and Child" by Murillo went for £770,000, at the bottom of its estimate.

Bids for the Goya, a recently rediscovered portrait of Doña María Teresa de Vallabriga, the wife of Infante Don Luis, Goya's patron, stopped at £600,000, half the expected level. Interest in the Zurbarán "Christ and the Virgin in the House at Nazareth", also a recent discovery, stretched to £900,000, quite close to the £1.2m low estimate.

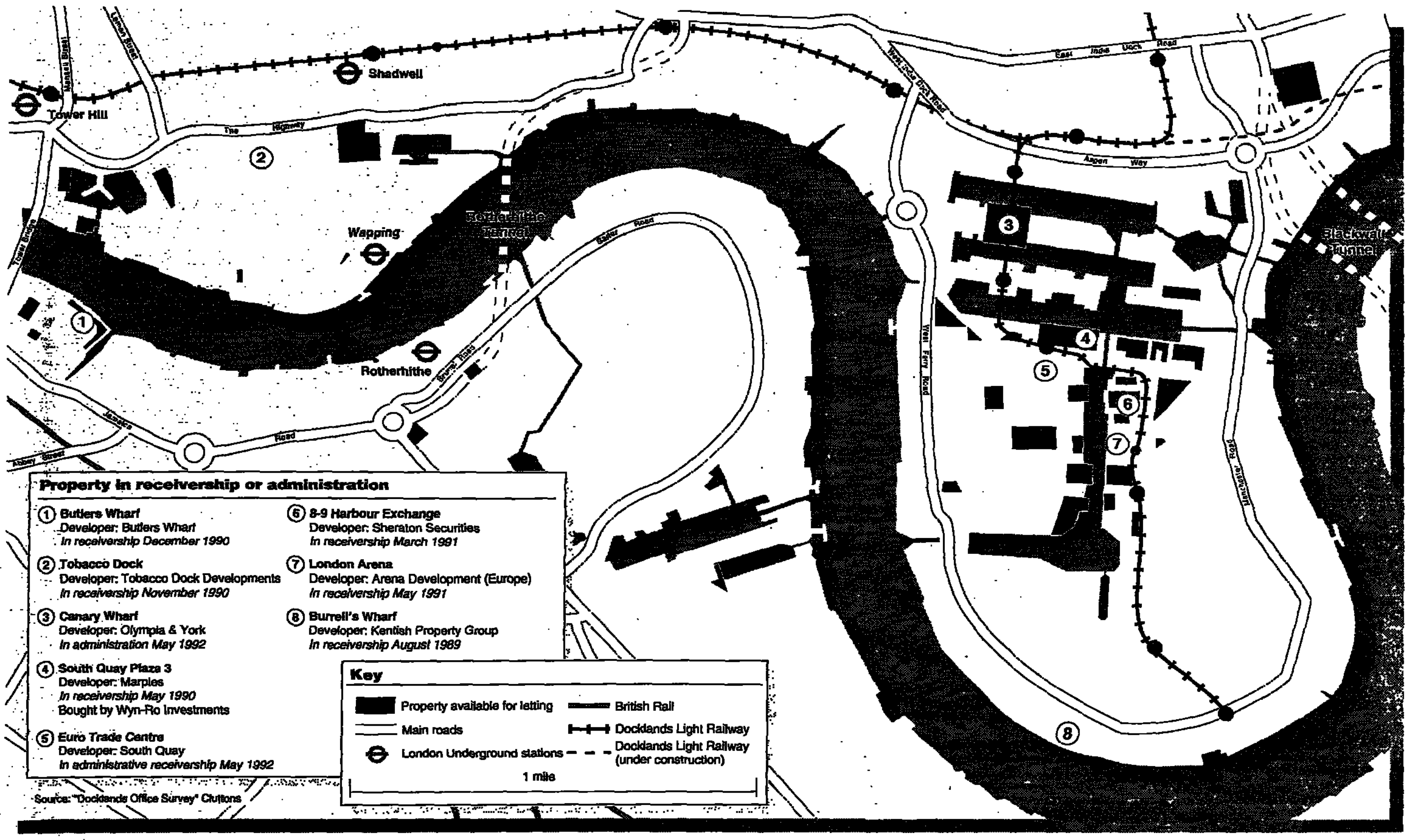
More stretching of a very different kind featured at Christie's South Kensington, which sold the Forman Archive of Crime and Punishment for £97,944. The top lot was the previously unpublished execution record book of Albert Pierrepoint, the UK's chief executioner until 1956. In it he recorded details of the hundreds of executions he presided over. It sold for £19,800 to Derek Stevens, a former racing tipster.

Among the buyers was the former chief executioner of Algeria, who is setting up a museum of justice in France. He paid £2,860 for the records of Syd Dernley, who was Albert Pierrepoint's assistant, and £3,080 for a leather strap invented for hanging a one-armed man by Henry Pierrepoint, father of Albert and also a chief executioner. Henry's execution book made £7,700.

An 18th-century scold's bridle for sealing the mouths of gossips sold to the Bavarian Crime Museum for £2,530, well ahead of the £300 estimate, and a German executioner's axe of 1634, with the blade stamped with 16 punched stars, recording the number of aristocratic beheadings it carried out, also far exceeded estimate at £4,180.

Antony Thorncroft

CANARY WHARF: THE CRISIS FOR DOCKLANDS



Collapse piles pressure on developers

By Vanessa Houlder, Property Correspondent

LONDON DOCKLANDS' reputation as a developers' graveyard, spectacularly confirmed by the collapse of *Canary Wharf, should be safe* for several years to come.

Pressure is intensifying on the owners of empty property, which accounts for half the *10m sq ft of offices in the Dock*lands. Their costs rose steeply a month ago when the Enterprise Zone's tax breaks ended, forcing developers to pay "*empty rates*" of about £3.50 a sq ft as well as maintenance costs on their empty buildings. Such developers have little hope of finding buyers, as *unlet property* has little value in such an oversupplied market. The receivers to the Euro Trade Centre, a project close to *Canary Wharf which failed two* weeks ago, said they were considering mothballing the building for up to 10 years.

It might take decades to fill *the empty property if lettings* continue at their present rate. Last year, which was admittedly the lowest point of the recession, 350,000 sq ft of *offices were let, according to* Savills, the chartered surveyors. Outside Canary Wharf, only 100,000 sq ft was let.

Merely cutting rents is unlikely to generate demand. Few places in the UK offer new, high-quality air-conditioned buildings at such cheap rents – although some fringe City buildings are heading the same way. Developers have been leapfrogging each other in an attempt to set the lowest prices. A shock wave went through the Docklands market last year when Wyn-Ro Investments set the rent at South Quay Plaza, a big building *opposite Canary Wharf, at just* £10 a sq ft. Even that has been undercut: a building at Thames Quay on the Isle of Dogs is being offered for a two-year *trial period* for no rent at all. The fear is that Canary Wharf's administration will cause rents to be slashed still further. The task of rival developers in finding tenants will become even more daunting if Canary Wharf, which offers some of the best-quality offices in the UK, is placed on the market at rock-bottom prices.

The downward spiral of office rents has particularly dismayed developers who sold buildings to investors with a guaranteed rental income. The deals allowed developers to exploit the Enterprise Zone's 100 per cent capital allowances, but it has left them with heavy liabilities. Rents of about £20 a sq ft which seemed realistic two years ago are now more than double the going rate.

Developers cannot take such strain indefinitely. Last month Charter Group had to defer its quarterly payment to investors in PET 8, an Enterprise Zone trust based on Exchange Tower in the Isle of Dogs, which is less than half let.

Desperation has led developers to ever more creative ways to market their projects. For example, the Euro Trade Centre attempted to arrange an office swap with the Estonian government. Meanwhile, the inducements demanded by tenants, such as rent-free periods, have become increasingly onerous for all but the strongest developers.

The developers with the most serious difficulties are those which built grandiose buildings in the last few years of the Dockland's property boom. The difficulty in persuading large tenants to move to *the* area will become even more daunting if the Jubilee Line extension is not built. If that happens, the market will have to rely on the small businesses that are providing what little demand there is.

The troubles in the office sector are shared by other parts of the property market. Recession and poor infrastructure undermined the prospects of the London Arena, the conference, sporting and concert venue, and Tobacco Dock, a stylish but isolated shopping centre in Wapping.

The difficulties of poor transport and an over-emphasis on expensive property has also afflicted the housing market, which has seen a 30 per cent fall in prices since its peak in 1987. The depressed state of the market prompted one developer to fill its empty flats by housing the local authority's teaching staff. The housing market, too, has claimed corporate *casualties. The most stri*king example is Sir Terence Conran's Butlers Wharf scheme, which eventually failed as a result of high interest rates and the evaporation of demand after the stock market crash of 1987.

The bleakness of Docklands' prospects are offset by the odd chink of light. Even if the Jubilee Line extension does not go ahead, Docklands will benefit from big transport improvements over the coming year. Lower interest rates and economic recovery should increase demand from tenants.

None the less, Canary Wharf was the engine of much of the area's development and its failure has cast a long shadow over the market as a whole. The developers who pioneered *the area over the past 10 years* are bogged down in the most treacherous property market this century.

O&Y in talks over New York building

By Alan Friedman in New York

OLYMPIA & YORK is negotiating the sale of all or part of the 34-storey former world headquarters building in New York of ITT, the US financial, industrial and travel conglomerate.

According to an executive close to the talks, a deal for the sale of at least part of the Manhattan office block might be finalised within the next fortnight. "Nothing is written in stone, but there is an 80 per cent chance of it going ahead," the executive said.

If the transaction goes ahead it may help to reassure those bank creditors who believe that in the wake of the Canary *Wharf project in the UK being* placed in administration, the Canadian property group should consider filing for bankruptcy in the US. Speculation is mounting in New York that O&Y may eventually need to seek protection from its creditors under Chapter 11 bankruptcy rules.

The building, which consists of 664,000 sq ft, has been vacant for the past 15 months. *O&Y last year put off plans to* spend $150m to remove asbestos and make a number of repairs as part of a complete renovation.

Property analysts in New York say the present market value of the building, provided a tenant moves in, could be about $150 a sq ft. That would *suggest that the building's* current value may be about $100m.

It is believed, however, that O&Y still owes at least $100m *in mortgage loans* related to the property. The Canadian developer deferred plans earlier this year to refinance the loan, which is understood to be owed to a syndicate led by First Chicago Bank.

The identity of the potential buyer for the building is not known, but one mechanism being explored is the sale of what is known as a "condominium interest" in the building. That would allow O&Y to continue owning part of the property. However, it might also result in an extremely complicated deal, since the buyer might have to assume part of the outstanding debt or agree to finance some of the needed repairs.

The Reichmann family acquired the *Park Avenue* building in 1977, when it bought several prime Manhattan buildings.

Alternative uses for £1.6bn

By Richard Tomkins, Transport Correspondent

A DISASTER it may be for *Docklands, but some may be* licking their lips at the possibility that the planned extension of the Jubilee Line may be abandoned.

The 10-mile line from central London to Docklands and Stratford is the biggest single infrastructure project in the Department of Transport's budget. About £1.6bn of government funds has been set aside to complete the project *between now and 1995.*

The tantalising prospect that now arises is that, if the Jubilee Line project were allowed to founder, that vast sum of money *could be available to* undertake one of the many other badly needed transport projects awaiting funds.

One contender would certainly be British Rail. Desperately strapped for cash because of the effects of recession on its fare income and property profits, it has recently had to freeze all investment other than in projects already under way.

A windfall of £1.6bn would easily cover the cost of buying a new fleet of trains for Network SouthEast's Kent Coast *services (£700m), rebuilding* the entire London-Glasgow line and replacing all its trains (£750m), or carrying through the massive redevelopment *planned for King's Cross* (£1bn).

It might even form a contribution to the £4bn needed to build the long-delayed rail link between London and the Channel tunnel.

Perhaps a stronger contender, since the Jubilee Line is a London Underground project, would be London Underground itself. It has several projects awaiting funds.

The *top priority* is the upgrading of the existing network, followed by the construction of two new lines to relieve congestion in central London, the east-west CrossRail and the north-south Chelsea-Hackney line.

*Given any choice in the mat*ter, London Underground would have given all of those higher priority than the Jubilee Line extension.

That choice was taken away when the private sector agreed to help pay for the Jubilee Line provided the project was brought forward in the queue. The question now is whether, with the private-sector contribution absent, the "natural" *order of priorities will be* restored.

LONDON TRANSPORT FIXED ASSET INVESTMENT (£m)

	1990-91 forecast outturn	1991-92 plan	1992-93† plan	1993-94† plan	1994-95†
Core business	587	559	732	849	864
Jubilee Line extn	40	101	393	614	454
Crossrail	7	9	74	92	99
TOTAL	**634**	**669**	**1,199**	**1,555**	**1,417**

Figures include investment in Docklands Light Railway; † adjusted using GDP inflator

A deferral of the Jubilee Line project is quite possible, but the result is unlikely to be a bonanza for other public-trans*port users, for at least* two reasons.

One is the Treasury's parsimony. Negotiations over the annual public spending round *are always tough, but will be* even tougher this year. Given that the £1.6bn was ring-fenced *from other* Underground expenditure in being specifically allocated to the Jubilee Line, the Treasury will *insist that* if the money is not to be spent on that project, it must be handed back.

Even if it were not, it would be unlikely to find its way into another transport project. *Transport infrastructure is* notoriously slow to plan and build. Ten years is the typical span from conception to completion.

Much as London Underground and British Rail would like to spend £1.6bn in the next three years, they could not do so because they would be unable to bring sufficient projects forward at such short notice. The clock, as well *as the Treasury, is against* them.

In The High Court of Justice, Chancery Division. No. 004617 of 1992

IN THE MATTER OF
BFP HOLDINGS PLC
AND
IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN, that a Petition was on the 5th day of May 1992 presented to Her Majesty's High Court of Justice for the confirmation of the cancellation of the Share Premium Account of the above named Company.

AND NOTICE IS FURTHER GIVEN, that the said Petition is directed to be heard before the Honourable Mr Justice Millet at the Royal Courts of Justice, Strand, London WC2A 2LL on Monday the 8th day of June 1992.

Any Creditor or Shareholder of the said Company desiring to oppose the making of an order for the confirmation of the said cancellation of the Share Premium Account should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the under mentioned Solicitors on payment of the regulated charge for the same

Dated this 26th May 1992
Denton Hall Burgin & Warrens
Five Chancery Lane, Clifford's Inn, London EC4A 1BU. Solicitors for the above named Company

No paper signed on Tube deal

By Robert Rice, Legal Correspondent

THE DEPARTMENT of Transport confirmed yesterday that although it had a letter of intent from Olympia & York setting out the terms of its contribution of £400m towards the cost of the Jubilee Line exten*sion, no formal agreement with* London Underground, which would have been legally binding on the developer, was signed.

In the absence of a formal agreement it was clear that no *one could be bound to honour* O&Y's commitment, the department said, but that did not change the government's position. Unless the future owners of Canary Wharf were prepared to make the same contribution, the government's *commitment of £1.5bn to the* Underground project would not be forthcoming.

Lawyers close to the insolvency said yesterday that even if O&Y had signed a formal agreement it would not have been binding on the administrators. A partner in a City law firm said the function of an administrator was to preserve the assets of a business and he could not be forced to honour contracts that involved him spending money out of whatever funds were available to him.

The Canary Wharf administrators were therefore free to sell and let the properties totally regardless of O&Y's *commitment to the Jubilee* extension, he added.

Mr Stephen Adamson, one of the three joint administrators, has said he would look at the option of finding finance for the Underground line, but that Canary Wharf could survive without it.

Whether the Jubilee extension goes ahead now appears to depend either on a change of heart by the government or a decision by the new owners of Canary Wharf to contribute.

Time on his side: Li Ka-Shing, millionaire who can afford to let bankers come to him

Li likely to feature in dealings

By Simon Holberton in Hong Kong

MR LI KA-SHING, one of Hong Kong's wealthiest men and one of its leading property developers, has no immediate plans to buy into Olympia & York's Canary Wharf development in the UK or any of its other property assets.

After the annual meeting on Thursday of Cheung Kong, his flagship property development and investment company, Mr Li admitted to a personal interest in acquiring some of O&Y's assets, if they were suitable.

However, sources close to Mr Li said yesterday that he had not yet been offered any of O&Y's properties and had not focused on any particular property asset.

"We can't say absolutely 'no'," one said. "We might be offered something so cheaply that it would be foolish to turn it down."

Cheung Kong would not comment about reports of Mr Li's interest in Canary Wharf. In the past, Mr Li has taken pains to point out that his joint venture with O&Y in a New York office block was unaffected by O&Y's wider financial difficulties.

Analysts in Hong Kong expect Mr Li to figure in any break-up of O&Y. He has the financial capability to acquire assets from O&Y and can afford to wait until the bankers come to him.

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A three-city conundrum

THE WEEK has belonged to Nemesis, a goddess who could have taught scorned wives a thing or two about come-uppance. Britain's trade figures revive the nightmare of growth constrained by balance of payments worries. The once-great Alan Bond is in prison. And with Mountleigh in receivership and Canary Wharf in administration, the banks face new write-offs of up to £1bn – a sum which will be substantially enlarged by the steady flow of smaller and largely unremarked corporate failures. Yet the London market fell only fractionally on Thursday, after the Canary Wharf news, and more than recovered its losses yesterday; while in New York and Tokyo, where the banks are exposed to almost any major failure in the world, stocks rose.

This apparently paradoxical behaviour is at least consistent, and is easy to explain: there is no surprise in the last acts of dramas which have been playing in public view for months and even years. Markets move only in response to the unexpected, and they like to have uncertainties resolved. In any case, failures in the property field are in one sense good news: receivers and administrators will respond more readily than developers to market conditions, and cut prices far enough to bring important new developments into productive use. Moreover, if Canary Wharf moves down-market, it may ease competitive pressures in more favoured parts of London by reducing the gross oversupply at the top end of the office market, and so offer some hope to other troubled developers.

Property bubble

A longer view, however, suggests a paradox which is not so easy to explain. The property bubble was an international one, inflated by excessive credit from Japan and from all the English-speaking banking systems; yet since it burst, the Tokyo market has fallen by well over 50 per cent, the London market has moved to new nominal highs (though it is still below 1987 levels in real terms) while Wall Street has risen to ever more hopeful multiples, and extended the performance yesterday. Since investors are often told that they must spread their risks through what has become a single world capital market, these extreme divergencies are not only puzzling, but worrying.

On the face of it, the capital markets are telling us that the Japanese miracle is finally over, that Britain is still stuck in much the same groove, but that in the US the worst is over, and the world's biggest economy may become its leader again. That message is true only in a comparative sense. Japanese self-confidence has indeed suffered a major blow, with little immediate hope of recovery, while the London market has long been resigned to a long, hard slog out of debt and excessive costs within the ERM. It is only New York's performance, against a background of slow growth, trade squabbles and startling political disillusion, which is now arousing fears of a new bubble, which could burst as it did in 1987. To get any further than these generalisations, which probably represent the consensus view, one must look in a little more detail at what drives the three markets.

Bearish glosses

The savings of the personal sector provide the basic drive, monetary policy the most important constraint; and here the three markets differ widely. In Japan savings flows remain vast, but there has been a monetary squeeze which in terms of national experience has been as fierce as Mr Paul Volcker's deflation of the US economy in 1979-82. Policy is now easing, but not fast enough to satisfy the Ministry of Finance, which issues bearish glosses even on favourable figures (a practice which may damp investors' confidence, but no more than the British official habit of looking relentlessly for a supposed bright side). Above all, Japanese savers, including the insurance companies and others who invest on their behalf, have been frightened by repeated financial scandals, and have been diverting funds abroad. The Japanese collapse has therefore supported rather than undermined other markets. (A revival in Tokyo might be a different story.)

In Britain, personal savings are high and rising, and have been fed directly into the market through high unit trust sales. Cynics may read this as a sell signal, on the view that the little man is always too late; but yields remain high by international standards, and the economic news is not nearly as bad as it may look. The trade balance, especially, reflects heavy inward investment, which is a sign of promise, not of trouble.

It is in the US, again, that the pattern of support could be worrying: it comes not from savings flows, which remain depressed, but from switching out of savings deposits and money funds, as interest rates have been cut again and again. This switch reduces the money supply, as companies seize the opportunity to fund debt, but the fall provokes calls for still further easing of policy. The US corporate balance sheet looks much healthier as a result, but the policy trend is not sustainable. In a market which has become so obsessed with interest rates that it treats bad news of the economy as a bull signal, a tightening could cause an ugly awakening.

Michael Cassell finds himself in Canary Wharf to greet the new millennium

Docklands: the year 2000


O&Y

Today's spectacular, millennium street party around the dancing fountains of Cabot Square, in the shadow of Canary Wharf's monumental tower, is to be linked live via laserline to the four-nation astronaut team on its way to Mars.

For some of those closer to home, like members of SPLASH, the London Docklands tenants' action group, the celebrations will double as an act of exquisite retribution.

The festivities take place eight years after Olympia & York, the Canadian developer which flew too close to the sun, was forced to hand over Europe's largest property development to the administrators. Sir Paul Beresford, the environment secretary, whose offices are a short walk away, will not be there because of "a longstanding parliamentary commitment".

Canary Wharf's owners – a US-Japanese consortium which is denying renewed rumours it wants to sell – are allowing the party to go ahead in the hope it will attract the sort of crowds which have been all too rare in recent years.

Though the Docklands revellers lost their struggle in the 1980s to prevent big business invading the Isle of Dogs, they have derived some bitter-sweet consolation in the 1990s from watching their warnings of disaster materialise.

Despite misgivings over the residents' plans to march behind well-preserved banners emblazoned with slogans like "Don't Destroy our Lives" and "Capitalists Go Home", many traders on the Wharf have agreed to support an event which should help the tills ring.

Following the departure of the Brazilian beauty product boutiques and Belgian chocolate shops, which 10 years ago helped establish the ritzy, upmarket tone for Canary Wharf, most central area shops at least have found new tenants.

The photocopying services and supermarkets in particular report lively trade and the Cat and Canary pub on Fisherman's Walk says business is good. It recently stopped selling the more exotic, imported beers office workers first demanded when it opened in 1992.

The picture is less rosy on the 50 floors of office space which rise above the Thames in One Canada Square, the Cesar Pelli-designed tower whose flashing beacons have for years been mocked as a warning to entrepreneurs – rather than aircraft – to keep clear.

With 30m sq ft of empty office space and every imaginable incentive luring them back to more central locations throughout the mid-1990s, many pioneering tenants returned west long ago.

Of those American companies which fulfilled their pledge to move in, few remain; some advertising people and accountants linger on but most investment banks are back in the Square Mile.

The tower itself, offering top-quality accommodation at rents firmly stuck at about £20 a sq ft – less than half the going rate in the City – is comfortably full. Mr Francis Maude's Department of Trade and Industry is still acquiring space in the adjoining Cabot Place while the Audit Commission and the Inland Revenue are across the street.

The area is now said to house as much corporate computer power as the City, with companies just as happy to put their back offices in Poplar as in Purley.

But many Canary Wharf office buildings still echo only to the footsteps of security men. Beyond the core, little has changed in a decade, with the best part of 1,000 acres of surrounding development land sealed off behind curtains of corrugated iron.

Despite projections by the Henley Centre for Forecasting that Canary Wharf would create 57,000 permanent jobs by 1996, the numbers have only recently reached 20,000, largely thanks to Conservative governments.

Quiet streets temporarily liven up at lunchtime as workers make their way to sit in the sun alongside huge, sculpted bowls of geraniums, now maintained by the Docklands Urban Council, the somewhat neutered body which replaced the London Docklands Development Corporation in 1996.

DUC, which now lives in reasonable harmony alongside the three local authorities, has this week made its own contribution to the millennium celebrations by extending free parking for motorists to seven days a week.

Southwark, Newham and Tower Hamlets, enjoying a bigger say in Docklands than at any time since the LDDC was set up nearly 20 years ago, have been concentrating on providing homes for locals in the 21st century. The calls for more low-cost housing are finally being heeded given that luxury penthouse apartments are still selling for less than half the £600,000 being asked at the end of the 1980s. Most of the private moorings attached to each home on Clippers Quay are empty.

The release in 1995 of capital receipts from council house sales enabled Docklands authorities to undertake a modest building programme for low-cost homes. Their action was boosted by the provision of extra resources won through hard lobbying by London City Council, the capital's fledgling strategic body which itself has just taken more space overlooking West India Quay.

But if the towering ambitions for Docklands, first proclaimed by Baroness Thatcher and Sir Michael Heseltine, have failed, the prospect of ultimate success has not yet been extinguished. Critics fond of quoting La Défense in Paris as a prime example of urban redevelopment are being reminded that a project one-tenth the size of Docklands took 35 years to reach fruition.

Even so, images of granite and stainless steel temples shimmering on the waterside in testimony to the 1990s have certainly sunk. A less heroic future beckons.

With the opening in March this year of the £3bn Jubilee Underground extension between Canary Wharf and the City – part-funded by Mr Major's second government – the key to Docklands may finally have been unlocked. The biggest single concentration of transport investment in the UK has also seen the completion of the Limehouse Link Road to the Isle of Dogs, further improvements to the light railway system and more upgrading of the Blackwall tunnel. One notable transport success has been to the east, at Docklands Airport, now busier than ever.

Looking beyond the capital's immediate millennium celebrations, the LCC and DUC are together stepping up work on proposals to bring the 2008 Olympics to Docklands. But the local councils are wary and the residents are antagonistic. It looks as though Docklands is bracing itself for another battle.

Canary off its perch

Michael Dennis spoke yesterday to **Robert Peston**


Michael Dennis: hopeful

Canary Wharf seems impregnable as seen from Olympia & York's executive suite on the 30th floor of the tower which dominates the east London development.

However, Mr Michael Dennis, the O&Y director who has supervised Europe's biggest office development with obsessive care since its inception in 1987, is acutely aware that O&Y may be liquidated, following the decision by the project's bankers on Wednesday that they would not finance its completion.

Though appalled that the O&Y subsidiaries which own Canary Wharf have been placed into administration under UK insolvency procedures, Mr Dennis remains hopeful that the project can rise from the dead, if only the UK government can be persuaded to move 2,000 civil servants to Canary Wharf and if an investor can be persuaded to make an injection of new equity.

However, he admits that the deadline to achieve a rescue is short – probably not much later than mid-June. Though it is premature to write Canary Wharf's obituary, he is keen to highlight the project's successes.

On July 2 1987, Mr Denis, a former law professor who in the late 1970s became Toronto's commissioner for housing before joining O&Y in 1980, arrived with one of O&Y's lawyers at a barren site in the middle of east London's Isle of Dogs. He faced another inordinately tight timetable.

At the time, the rights to develop Canary Wharf were held by two investment banks, Credit Suissé First Boston and Morgan Stanley, and a US developer, Ware Travelstead. The government had said that unless an agreement was reached to build an office complex on the site by July 17, it would not provide the new road and upgraded rail facilities essential to the project's success.

Within days, O&Y had taken over the 50-acre site. The contract with the UK government placed obligations on both sides. O&Y would build 5.4m sq ft of new offices within five years and the government would build the Limehouse Link road and expand the Docklands Light Railway (DLR) within the same period.

Though the new buildings were technically superior to anything built in the UK and though it was the biggest office scheme ever undertaken in the country, the project was still completed ahead of schedule at the end of 1991 and within the £700m budget.

However, the Limehouse Link will not be finished till next year while improvements to DLR will not be completed till later this year – in both cases later than planned. Indeed, Mr Dennis says that if O&Y had not become so closely involved in the development phases of both the Link and the DLR, they could still be years from completion.

Not surprisingly O&Y has been bemused by the government's inflexibility in respect of a separate – and unsigned – contract, under which O&Y agreed to pay £400m towards the costs of extending the Jubilee Line to the Docklands. O&Y has been unable to deliver on the contract because of its financial difficulties, which in Mr Dennis's view stem from one cause more than any other.

He is convinced potential tenants were put off because of their doubts about the transport links to Canary Wharf. "If we had not lost two years on the DLR and Limehouse Link, we would be 90 per cent let today" – and the Canary would not be impersonating Monty Python's parrot.

Fragile frontline of the forest

People in the Amazon need sustainable development, says **Christina Lamb**

The Amazon rainforest has had a powerful allure ever since reports of its existence reached Europe in 1500. Numerous adventurers have risked their lives to penetrate its depths in search of riches such as El Dorado – the kingdom of a man so rich that he anointed himself daily in gold dust – or, in the past decade, Serra Pelada, the world's largest open goldmine.

A few years ago, it became clear that a less tangible, but more essential, treasure was at risk. Foreign attention was seized by television pictures of burnings in the Brazilian Amazon, wiping out the luxuriant forest to create pasture.

The Amazon, the world's largest rainforest, 60 per cent of which is in Brazil, was described as "the lungs of the world" by experts, who warned that the burnings were reducing the planet's oxygen and contributing to global warming. Species were being wiped out before they had been discovered, any of which might contain substances or genetic material that could be used for important cures. Contact from the white man was eliminating Indian tribes, who had no resistance to his diseases, while cattle-ranchers were pushing out the traditional forest people in the cause of producing hamburgers for the First World.

The outcry was immediate. Quick calculations showed that, in less than 30 years, an area of forest 10 times the size of Switzerland had been lost. Under international pressure, the Brazilian government ended the financial incentives it was offering for forest clearance, and halved burnings to 11,000 sq km last year compared with an average 22,000 sq km a year in 1978-88. But Mr Jose Goldemberg, the environment minister, admits: "That was the easy part."

Little has been done for the 16m people for whom the forest is both home and workplace, or about the poverty in which a total 40m Brazilians live, which drives some of them to seek wealth – or merely survival – in the jungle. Mr Alfredo Homma, from the Agricultural Research Institute in the Amazonian port of Belem, complains: "There has been too much focus on preserving the forest and not enough on providing alternatives for people living within it."


Folk music: A Kaiapo indian taking part in a protest against plans for a hydroelectric dam in the Amazon rainforest

This issue is at the heart of the debate at next week's Earth Summit. Industrial nations see tropical rainforests as a kind of global asset. The Brazilian Amazon makes up 48 per cent of the world's remaining tropical forest; has the greatest biodiversity, with between 15 and 20 per cent of the world's species; has a fifth of the planet's fresh water; and provides a third of its oxygen.

To most Brazilians the Amazon is full of resources to be exploited. Its mineral reserves include gold, copper, bauxite, nickel, manganese and the world's largest iron ore mine with reserves of 18bn tonnes; and its hydroelectric potential is a total 100,000MW. Yet the 5m sq km region provides only 6 per cent of gross domestic product, and average income for the region is just $1,270 a year. General Leonides Goncalves, a former commander of the Amazon region, argues: "Not to exploit and populate this area is a luxury Brazil cannot afford. What is more important, man or a tree?"

Brazil insists that if the north wants it to keep the forest intact and gain access to the genetic material, it should contribute both funds and technology transfers. Mr Jorge Ito, a farmer in the remote Amazonian town of Tome Acu, says: "If you pay me, I'll happily keep the forest standing. Otherwise I'll cut it down to make a living."

This difference appears so hard to bridge that there will be no legally binding forest convention signed at the Earth Summit, simply a declaration of principles.

The difficulty lies in finding a way for people to earn a living from the forest without destroying it – sustainable development or "living off its interest rather than its assets", as Mr Joseph Connor, president of the International Chamber of Commerce, describes it. The current main activities such as ranching, logging and goldmining are not sustainable in their present form; but they show no signs of abating.

The most destructive, ranching, is not as unprofitable as ecologists claimed – and land remains a safe investment with inflation topping 20 per cent a month.

The network of roads built by the army in the 1960s and 1970s and the increasing value of tropical wood have led to an explosion in logging. Mr Chris Uhl, a biologist from Pennsylvania University, says: "Logging is likely to be the key economic activity in the Amazon for much of the next century." He argues that, if done selectively, it can be sustainable. But currently there are neither the management skills nor the incentive to be selective; Mr Uhl identifies 40 species of tree at risk.

The most frequently cited form of sustainable development for the Amazon is "extractive reserves", where traditional populations can carry out activities such as rubber-tapping and fruit and nut-gathering. Ms Diana Propper from Cultural Survival International of the US, which sponsors a reserve, explains: "We want to give people an alternative to destruction by providing them with greater income from the products they traditionally harvest, by helping with processing facilities and creating markets overseas."

She says people are prepared to pay more for such products, but admits that, if a market is created, there is a risk that other people would produce them on large-scale plantations outside the Amazon (as happened with rubber). Mr Homma of the Agricultural Research Institute says: "At best reserves are a short-term way to gain time while other alternatives emerge."

Ms Propper agrees but adds: "The people living in the forest are our frontline of defence against destruction and that's what we must concentrate on."

Neil Buckley and Angus Foster on the water crisis in the UK

And not a drop to spray

Consumers unimpressed by British Rail's excuse that trains were running late last year because of the "wrong type of snow" might not take kindly to explanations of the UK's water crisis. It was caused, experts say, by the wrong type of rain.

Some 20m customers have faced hosepipe bans at some time in the past three years, and many remain in force. Scarcely any newspaper or news broadcast this week has not carried water shortage reports. And yet, consumers might ask: what drought? Where are the parched yellow lawns, the crazy paving of dried-out reservoir beds that made the last drought, in 1976, so visible?

Even the Meteorological Office admits that overall rainfall in the UK has been 20 per cent above normal in the past three months. The problem since 1988 is that rain has been falling at the wrong time – in summer and autumn, instead of in winter – and in the wrong places. Scotland and northern England have been wet, while eastern and southern England have suffered their longest dry spell since 1745.

In the English lowlands, concludes the Institute of Hydrology, which monitors water on behalf of the Department of the Environment, "the current exceptionally protracted dry episode is without modern parallel".

There is widespread agreement on the severity of the problem, and the pressing need to do something about it. Prince Charles voiced his concern this week, and Mr Michael Howard, the environment secretary, launched a wide-ranging review of water resources. The water companies are under pressure to offer some constructive ideas as they report their annual results. But there is less agreement on what should be done.

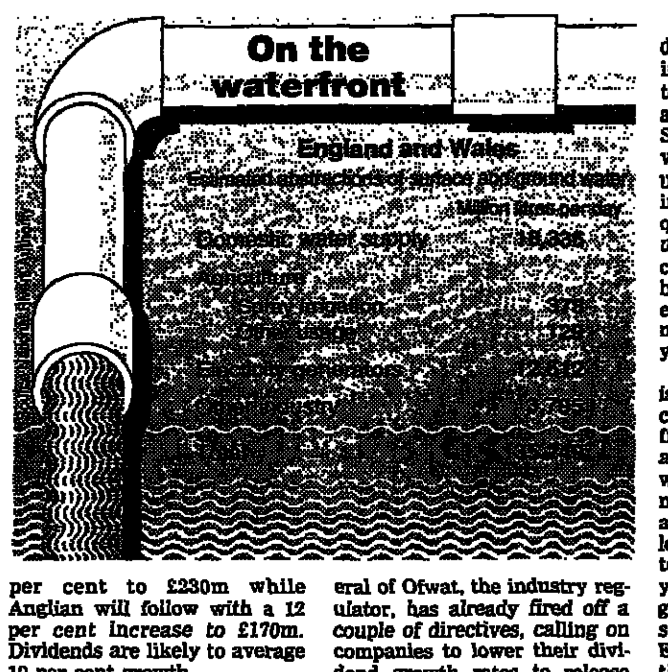
What makes the problem so serious – and different from 1976 – is that this time groundwater has been most severely affected. Not only is groundwater the principal source of supply in much of southern England, it feeds natural springs which are largely responsible for the summer and autumn flow of many of the nation's rivers. It is not easily replaced.

Exacerbating such problems of nature is a man-made problem – an increasingly affluent population. As dishwashers and daily baths have become commonplace, demand for water has soared by 70 per cent over the past 30 years to 38bn gallons a day. More than half of this is used by domestic customers, with a family of four likely to consume some 125 gallons a day.

But consumption is not the only factor brought into focus by the drought. The structure of the water industry itself is being scrutinised. Privatisation has left the UK with twin contradictions at the heart of its water system. Water suppliers have a duty to their shareholders as well as their customers; and while the government is committed to water conservation, the water companies have a commercial obligation to supply as much water as possible.

Given the inability of many companies to meet demand, the forecast increase in profits due to be reported by the water industry in England and Wales may not be welcome news for consumers. Telephone callers to the Redhill offices of East Surrey water company were greeted this week by a recorded message. "If your call relates to our current restrictions, hosepipes and sprinklers cannot be used until further notice." On Wednesday East Surrey announced a 42 per cent increase in profits to £5.54m and a 19.5 per cent rise in the dividend.

Profit rises at the larger companies will be more modest, probably averaging 9 per cent. On Thursday, North West Water, the first big company to report, unveiled a 7 per cent increase in pre-tax profits to £230.1m in the year to March 31. Next week, Thames Water is likely to increase profits 9



per cent to £230m while Anglian will follow with a 12 per cent increase to £170m. Dividends are likely to average 10 per cent growth.

After last year's 14 per cent average increase in profits, water companies are facing criticism for raising prices, profits and dividends while customers see few benefits.

Mr Ian Byatt, director-general of Ofwat, the industry regulator, has already fired off a couple of directives, calling on companies to lower their dividend growth rates to release more funds for investment, and warning against companies using water-related profits to support non-water, and therefore non-regulated, businesses such as laboratory testing and environmental services.

Mr Byatt's views on dividends are dismissed by the industry, which claims investors will shun its issues if they are not adequately rewarded. Such share offerings could be vital, because the industry urgently needs sustained investment to improve water quality, sewerage and the underground mains. The total cost of improvements required before the end of the decade is estimated at £30bn. Where that money will come from is not yet clear.

The most immediate problem is to refurbish old and often crumbling pipeline systems, from which leakage sometimes accounts for a quarter of all water pumped. Some companies have started remedial action. Thames has reduced its leakage rate from 23 per cent to 17 per cent in the past three years and has an eventual target of 10 per cent. Some smaller companies, such as East Surrey, now devote more than half their spending to reducing leakage.

Despite these efforts to stem water loss, critics say spending is too little, too late. The companies counter that given other requirements on water quality, including a 1995 deadline to meet stringent new rules on pesticide contents, there is just not enough cash to meet all their requirements.

Longer-term remedies will also be needed to boost supplies. The National Rivers Authority earlier this year published a paper examining the options. Some of the more fanciful suggestions, including towing icebergs from the North Pole, and offshore desalination plants, were immediately dismissed as unsuitable and too costly.

The idea of a national water grid, to pump water from plentiful areas to those of need, is more attractive. But once again, the NRA says, the infrastructure cost would be "several billion pounds". A more feasible solution might be to use the existing canal system.

On the demand side, only a certain amount can be achieved through hosepipe bans and calls for prudence. The Department of the Environment, the NRA and Ofwat agree that what is needed is a sea change in public attitudes, so that water is treated as a valuable commodity, not a limitless resource. Instilling such an attitude may entail water metering, a reality in every European country except the UK and Norway.

A pilot scheme in the Isle of Wight has led to savings of at least 10 per cent in water consumption. But fitting and monitoring meters would cost about £160 per household – or £4bn nationwide.

Businesses, offices and public buildings could save water without such high spending. Flowsave, a Kent-based company that makes water-saving devices, estimates that most business users could reduce their wastage of non-essential water – used in washrooms, for example – by 75 per cent. Water-saving equipment has already been fitted at British Aerospace, Rover, several banks and building societies, and at the Royal Courts of Justice.

There is less scope to cut down water consumption where it is central to an industrial process. Industrial usage other than the power generators accounts for less than 10 per cent of all consumption.

Electricity generators are by far the biggest users, responsible for about a third of total consumption. But as PowerGen, the privatised generator, points out, water used for cooling is a fundamental part of the generating process. "All the savings that could be made have probably already been made."

If action on both supply and demand is not taken, and rain falls for the next three or four years, the water system would face an unprecedented crisis. Both farmers and food prices could suffer, as crops will be lost.

Mr Howard's review will be keenly awaited. After four years of the wrong type of rain, the last thing Britain needs is the wrong type of solutions.

A fight at the opera

A crisis looms at Covent Garden, says Antony Thorncroft

Tonight on the stage of Covent Garden Maria Ewing will sing the title role in Peter Hall's acclaimed production of Salome. Sing – and dance, too, provocatively dropping every one of the seven veils.

A feeling of exposure is one that she shares with Jeremy Isaacs, the rumbustious Scot whose three and a half years as general director of the Royal Opera House have been accompanied by almost non-stop sniping.

His current position is typically precarious. The recession has cut both Covent Garden's audiences – from the targeted 85 per cent of capacity to a current 78 per cent, and income from private sources – to £750,000 below the forecast of £5.3m. As a result, Mr Isaac's pledge to cut the Royal Opera House's accumulated deficit of £3.3m this year appears doomed.

Its building, especially the back stage area, is hopelessly antiquated. It is losing prestige to the English National Opera, poised a quarter of a mile away at the Coliseum. Moreover, David Mellor, the new Secretary of State for the National Heritage, and ultimate paymaster for Covent Garden, is a sceptic of the work of the House.

Events seem to be approaching a crisis and there are many who think that, as in Salome, the finale may demand the head of a sacrificial victim – Jeremy Isaacs.

For a man cast for a tragic ending Isaacs remains remarkably resilient, keen to sketch out an entirely different scenario. His position is secure until his contract runs out next year, and he would like a renewal until 1997. Covent Garden will then definitely close for at least two years to enable a projected £250m worth of renovations to take place. An appeal to raise £90m was announced this week, with the balance coming from a project of shops and offices. The renewal of Mr Isaac's contract depends upon his board of trustees, headed by Sir Angus Stirling, director of the National Trust. They may well be supportive. The attitude of Mr Mellor is less certain. He could offer additional subsidies for Covent Garden if it brought in a director capable of delivering his ambition to make the venue more accessible and populist. It is unlikely that the trustees would bow to such pressure.

Much hangs on a meeting between Sir Angus and Mr Mellor which is scheduled to take place within the next few weeks. Mr Mellor probably has enough on his hands – the reform of the BBC; the fate of the Arts Council; and the Lotteries Bill – without picking a quarrel over Covent Garden. He could accept the Royal Opera House's argument for more aid.

More likely he will await the findings of two investigations into the workings of Covent Garden: one, headed by Lady Warnock and part of the Arts Council's reviews of its clients; the other, by accountants Price Waterhouse, at the behest of the Covent Garden Board. Both will report in the autumn; both are likely to recommend more money if the Opera House commits itself to cost savings.

The case for the Opera House is persuasive. Compared with state and city subsidy for equivalent institutions in Paris, Milan, and other European cities, Covent Garden is grossly under-funded. In the past six years it has lifted its self-generated revenue from box office and sponsorship from 47 per cent of revenue to 60 per cent. Its annual subsidy of £18.9m actually funds three companies – the Royal Opera, the Royal Ballet, and the Birmingham Royal Ballet. The opera company gets £7.75m, less than the £10.4m. received by the ENO. Its attendances are well above the West End average and in recent months its new productions have received good reviews.

But Mellor may be unconvinced. The problem is that Covent Garden has never succeeded in shaking off the air of precariousness which comes from endemic under-funding. Take the Royal Ballet. Straitened financial circumstances have forced it to operate with too few dancers. It cannot afford important new commissions and its audiences have declined – down 7 per cent in the last year. In the desperate search for savings Mr Isaacs has reduced the number of dance performances in favour of opera. One splashy night with a singer like Placido Domingo who commands premium seat prices, grosses Covent Garden £130,000. So the morale and reputation of the Royal Ballet slumps.

Similar problems dog the Royal Opera. New productions are likely to be joint ventures with other opera houses or modestly costed, which prevents Covent Garden developing a house style.

The 1992-93 season is popular, with few risks, and is enlivened with galas which are wonderful for the box office. But they add to Covent Garden's reputation as an elitist institution with seat prices beyond the purse of the genuine opera lover. Mr Isaacs has accepted

thathe forced prices up too far, too fast and for next season they are frozen. This will gain friends but ensure yet another increase in the deficit.

Covent Garden is not asking for a fixed sum of extra cash. It is offering Mr Mellor a list of options – a freeze on seat prices will cost X; increasing the strength of the Royal Ballet; will add Y; an increase in regional touring by Birmingham Royal Ballet will amount to Z. But all told he is really looking for an extra £3m this year.

Mr Isaacs feels Covent Garden deserves it partly to compensate for the years of economies but mainly because the Royal Opera House reckons it is last in the queue for aid among the national arts companies. By closing down its London base at the Barbican in 1990 the Royal Shakespeare Company forced the Arts Council and the City to give it millions in additional subsidies, while the National Theatre has regularly received higher grant increases than Covent Garden.

Now could be the time to sort out Covent Garden once and for all. The Royal Opera House is clearing the decks in readiness. The appeal for £90m, to be headed by Mrs Vivien Duffield, one of the richest women in the country, will be launched at the most appropriate time to tempt a major contribution from the government – probably in about 1994 when the revenues from the planned state lottery are expected to start flowing in.

Mr Isaacs hopes he will be around then to start the changes: but David Mellor is the piper playing that particular tune.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

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Government commitment to London's transport

From Mr Steven Norris.

Sir, Your article on the comparison of transport conditions in London and Paris ("France accelerates into the overtaking lane", May 29), based on a joint report by two research organisations, well illustrates a point made in the report itself. It points out that British commentators tend to be generally critical of the present state of the capital's transport policy and infrastructure, whereas in Paris "by stark contrast, the regional authorities seem to be more concerned with advertising what they consider to be their achievements and future potentials".

True to form you ignore all the positive things to be said about the situation in London. For example, over the past five years investment in rail infrastructure and rolling stock serving London has more than doubled, from £420m in 1986-87 to £948m in 1990-91 (at 1990-91 prices) – much higher than the FFrs5,517m in Paris in 1989 – and is set to increase further over the next three years. London Underground plans to invest more than £3.5bn over this period.

London and Paris are very different cities and their transport systems have developed differently. Whereas the Metro serves the whole of central Paris, London south of the Thames is mainly served by Network South East. Taking both systems together there is very little difference in the coverage of the inner area. As the report points out, London has much better rail coverage both in the outer areas and the surrounding region. Traffic conditions are actually better in central London than in central Paris in the peak hours because of the greater density of development in Paris, and a deliberate policy of traffic restraint in London, including restrictive parking.

Nobody denies that governments of both persuasions under-invested in our infrastructure in the past, but our investment plans are an earnest of this government's commitment to providing London with a modern and efficient transport system for the next century. The creation of a minister with sole responsibility for transport in London underlines the political will to ensure this will be achieved.

Steven Norris,
minister for transport in London,
Department of Transport,
2 Marsham Street,
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Cadbury code a diversion from more basic and pressing need

From Mr Ralph Windle.

Sir, The Cadbury "Code of Practice" received wide comment in your columns ("Cadbury lays out new rules for directors", May 28). "Proposals receive boardroom backing," you unsurprisingly report, with the Confederation of British Industry and Institute of Directors in close harmony. Lex, more incisively, sees it as the work of nice men who "do not wish to be inconvenienced by too much change"; though even Lex oddly welcomes the notion of it giving shareholders more ammunition to "insist on their rights as owners".

It was all a monumental irrelevance and diversion from the more basic and pressing need of improving the strategic capabilities and performance of British boards. Sadly, the committee seems to have failed to read its FTs just two weeks ago when Charles Handy ("Priorities and purpose at the heart of capitalism", May 12) went to the heart of the matter and explained why "maximising shareholder value", elevated through the 1980s into the purpose, rather than the conditional requirement, of a healthy, surviveable business, had become the real impediment to progress. The purpose of a business, for which its board, not its shareholders, has the prime responsibility, is – in his words – "to provide quality goods and services to its customers and quality lives and work to its people". The latter is not charity; they happen to be its intellectual asset base and sole distinctive competence.

The "corporate governance" debate is anchored in the past. Meanwhile, we still have no mechanisms for the proper audit and accountability measures of the medium-term strategic performance of British boards outside the narrow financial area, against this more fundamental business purpose. Others will debate whether, even in the narrower area of necessary financial probity, anything short of regulation will do. Once again, however, the real issues of strategic board performance were absent from the agenda.

Ralph Windle,
independent consultant,
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Standlake, Oxon OX8 7QN

Problems of non-profit status

From Mr Tony Hickin.

Sir, Can Mark Hayes ("The Archbishop, shareholders and re-thinking the purpose and standards of business", May 16) explain the attraction of investing in non-profit enterprises in Third World countries?

My company trains managers from developing countries on residential and outreach programmes. Its registration as a not-for-profit association does not mean that we do not have to be profitable since expansion has to be financed and assets renewed.

In the face of a continuously growing demand for services it is impossible to fund all the consequential capital requirements from internal sources. Attracting new capital is, therefore, essential to growth. However, while non-profit status is an important factor in attracting funding for our programmes, it prevents us from paying dividends to shareholders.

Tony Hickin,
managing director,
Mananga Agricultural Management Centre,
PO Box 20,
Mhlume, Swaziland

A marketing ploy not enjoyed by business

From Mr Paul McKee.

Sir, Jane Fuller is quite correct in her article "Paying more than a pony" (May 26) to highlight the concern of many small companies regarding the high cost of everyday banking transactions.

I, too, have recently queried with Barclays the charges made for routine banking activities of a small company. The following facts emerged:

- The cost of a debit entry rose by 17.8 per cent in 1991 from 45p to 53p with a further increase of more than 10 per cent likely next month. Prices of other standard transactions have been increased similarly.
- The notional allowance on credit balances which reduces the cost of everyday transactions has been withdrawn on most business accounts and will be withdrawn for the remainder on June 1 1992.
- If a corporate account is held in a City or West End branch of Barclays, the per-transaction cost is 10 per cent higher than if the branch were elsewhere in London.

The end result is a gross discrepancy between the charges made for corporate as opposed to personal accounts. Had our account been a personal one, we would have been paid by the bank rather than charged, even though the bank would have done exactly the same amount of work.

When I raised this point with Barclays the reply was: "The major difference of course is the fact that if a personal account is maintained in credit during any one quarter, then bank charges are not applied at all. This is a marketing tool forced upon not only Barclays but the other clearers a few years ago due to competition from building societies, etc."

I trust that if this is the case, other organisations will begin active competition for small corporate accounts.

Paul McKee,
director,
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Pension funds should be shared equitably

From Mr Russell A Strachan.

Sir, Barbara Ellis argued ("Pensions hit by backdoor raids", May 16) that, in a pension scheme with a healthy surplus, to exercise augmentation powers to help employees being made redundant harms the expectations of members remaining in service.

Those suffering the shock and longer-term hardship of redundancy might not agree. The other side of the argument is that such an exercise of augmentation powers – normally powers given to the employer subject to the consent of the trustees – is a good way of utilising surplus consistent with the scheme's objects of providing retirement benefits for employees and ex-employees and their dependants. The duty of the trustees is to see that the fund is used equitably between members (whether still in service or not) and not necessarily equally. Those continuing in employment will accrue further years of pensionable service and can expect that their pay will at least keep pace with inflation.

Barbara Ellis quoted two trade union opinions. I am disappointed that Bryn Davies did not express a more rounded view. The article seems to hark back to the historic union standpoint of being predominantly concerned with those members still in employment at the expense of those made redundant or already retired. Since surpluses are often attributable to funding for the future service of employees who did not in fact complete that service, its use to improve redundancy packages should not be attacked in such a general and partisan manner.

Russell A Strachan,
Lovell White Durrant,
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London EC1A 2DY

Morland's bid defence bolstered by large holder

By Jane Fuller

THE ATTEMPT by Morland, the Oxfordshire-based brewery, to maintain its independence in the face of a £104m hostile bid from Greene King was helped yesterday by a statement from one of its large institutional shareholders.

Royal Insurance Asset Management, which holds 7.7 per cent of Morland's shares, said it would reject the offer which it said "considerably undervalues the future prospects of the company".

Mr Michael Taylor, head of RIAM's UK equities, said Morland was a strong independent brewing company. It was well managed and had done a good deal in buying 100 pubs from Courage last year. "The offer is on the low side."

He believed that there was an element of "forced sale" on the part of Whitbread Investment Company, which had to reduce its 43.4 per cent stake in Morland to satisfy Monopolies and Mergers Commission requirements.

WIC has sold a 28.5 per cent holding to Greene King for £27.2m and has said it would accept the offer for its remaining 14.9 per cent. Hence Morland's welcome for Royal's support.

Simon Redman: surprise at Royal's decision

Greene King, which produces Abbot and IPA ales, issued its offer document on Thursday.

The terms of the paper offer are nine convertible preference shares for every two Morland ordinary, valuing the target's shares at about 490p each, compared with yesterday's 485p. There is a cash alternative of 450p.

The offer is final unless a rival emerges and Mr Simon Redman, chairman, said yesterday that one would have done so by now as WIC's need to sell shares had been known for some time.

He also expressed surprise at Royal making a decision at this stage, before full details had been given by both sides.

The offer document points to the premiums over prices prevailing for Morland earlier this year, a historic multiple of 20 to 21 times earnings and also questions the values Morland attached to its pubs. It claims Morland's brands, which include Old Speckled Hen, are weak and has said it would close the Abingdon brewery.

Morland, which will issue its defence document within the next seven days, described the attempt to find weakness in its business as futile.

Eurotunnel gets more breathing space

By Daniel Green in London and Will Dawkins in Paris

EUROTUNNEL earned a temporary reprieve from its bankers yesterday when the syndicate providing £6.8bn of credit facilities said the company could draw further funds.

The company now has a breathing space until August or September – the lenders have said Eurotunnel must try to settle its disputes with the tunnel's building contractors regarding cost overruns before it spends another £500m. Eurotunnel is likely to have used this money within three months.

Eurotunnel had broken its loan covenants and so had to persuade 65 per cent of its lenders to waive a covenant and allow it to go on drawing loans. This level of support from the banks was reached by a clear margin.

The deadline for the agreement was yesterday.

The waiver was especially welcome to Eurotunnel after a week of uncertainty in which Bouygues, a French contractor in the Transmanche Link builders' consortium, called Eurotunnel's creditworthiness into question.

A remark by Mr Martin Bouygues, group chairman, that "one cannot completely exclude the hypothesis that Eurotunnel will go bankrupt" caused a sharp drop in the share price. Eurotunnel said Mr Bouygues' claims were unfounded. Eurotunnel shares yesterday closed 11p higher at 370p.

Taking its punishment in public

Philip Coggan on the mounting tribulations faced by Invesco

BAD publicity has haunted the international investment management group, Invesco MIM, over the past year.

The group's long-standing links with Mr Robert Maxwell, the disgraced tycoon, inevitably caused embarrassment in the aftermath of the publisher's death. Mr Maxwell owned 20 per cent of the group between 1986 and early 1991, and Invesco MIM was one of the Mirror Group's pension fund managers.

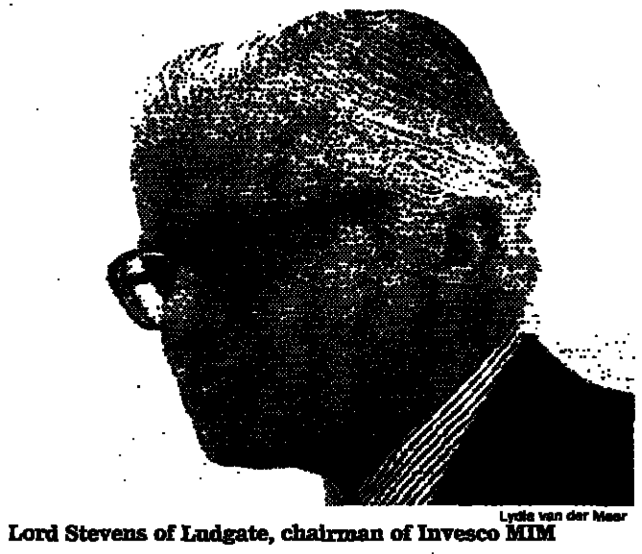
In addition, Invesco was fined £75,000 by Imro (the Investment Management Regulatory Organisation) for accounting failures relating to its Personal Equity Plans.

Recently, however, it has been the problems of the group's investment trusts which have attracted attention, and in particular, Drayton Consolidated. At the end of 1989, the net asset value of this trust was 700p; it is currently just 252p. A graph of the recent share price looks like an Alpine ski slope.

The problem has been the group's unquoted portfolio. Repeated write-downs of the asset values alarmed investors, who marked the shares down even more quickly. Invesco itself has had to take a £13m exceptional loss on its holding in the trust.

Two specific investments have provoked criticism. Alma, a confectionery company with several famous brand names, was the trust's second largest holding. When it went into receivership in February, the failure knocked 57.8p off the trust's net asset value per share. Disquiet was expressed when it was revealed that Drayton had extended loans to the company even after writing down its value last year.

The basis for the valuation of City Merchants Bank, a company jointly owned by Drayton Consolidated and Invesco and the largest holding of the trust, has also been attacked. "With the benefit of hindsight, too much money was put into too few investments," said one institutional investor in the trust yesterday.



Lydia van der Meer

Lord Stevens of Ludgate, chairman of Invesco MIM

Mr Nicholas Johnson, Invesco's deputy chairman and chief executive, says that other companies with investments in the unquoted area have had to make write-downs because of the recession. "What has distinguished Consolidated is that it is a listed company and attracts publicity" he argues.

The former manager, Mr Alexander Reid, resigned and Mr Peter Knapton was brought in from Samuel Montagu to take his place. But some investors remain resolutely unimpressed and wonder whether Invesco should continue to be in charge of the trust.

"If there was ever a case for taking the management away from someone, this is it," says one institution. "The problem is that the whole thing is intertwined with other trusts in the group which also own some of the same investments."

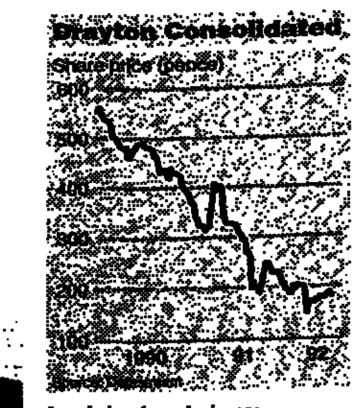
Invesco brought in County NatWest to conduct a review of the trust and Price Waterhouse was asked to conduct a substantial valuation of the holdings. That process has already resulted in a further £40m write-down of the unquoted portfolio.

A reconstruction is being planned. Full details have yet to be revealed but what seems likely is that as many liquid assets will be sold as possible; a new company will be formed to hold the unquoted element, with less liquid assets being sold gradually.

Some of the problems of Drayton Consolidated have been repeated in the unquoted element of Drayton English & International's portfolio. And one of the trusts launched last year, Drayton Blue Chip, suffered a 33 per cent fall in net asset value per share in the six months to March 31 (although much of this fall has been regained since the election).

Nor has the performance of the unit trusts set the world alight. The majority of the group's unit trusts have a below average performance in their sectors over one, three and five years. Indeed, over the past year, nearly half the trusts have a fourth quartile (bottom 25 per cent) performance, according to Finstat.

But Mr Johnson feels the group has been getting an unfair press, in particular citing the publicity given to recent sales by Invesco of shares in United Newspapers and Alexander Proudfoot, two companies of which Lord Stevens, Invesco's head, is also chairman.



He says that Invesco retains stakes in United (of about 1 per cent) and in Proudfoot (0.75 per cent) and the sales have been part of a long-term process of whittling down holdings, some of which, such as United Newspapers, had been accumulated before.

Mr Johnson said that the recent publicity must have done Invesco harm in the short term. But he points out that the group is much larger than its UK business. In the US, the Atlanta-based subsidiary is a substantial pension fund manager with $24bn under management at the end of 1991.

The Denver-based mutual funds business nearly doubled its monies under management to $5.3bn last year. Another subsidiary is Invesco Solutions, a company which operates in the growing field of "defined contribution" pensions management – the US equivalent to money-purchase company pension schemes.

In Europe, Invesco has a joint venture with IMI Capital Markets, Italy's leading mutual fund manager, plus offices in Paris and the Netherlands and a subsidiary in eastern Europe. In Japan, the company has established a foothold in investment trust and pensions management.

But until the company gets over the Drayton Consolidated episode, these other businesses may be forgotten. The County report on Drayton Consolidated is eagerly awaited.

Park Food advances 73% to £6.9m as hamper sales grow

By Gary Mead, Marketing Correspondent

OLD-FASHIONED virtues such as thrift might be spurned as Dickensian in some companies, but not at Park Food Group, where the only Victorian notion is that Christmas is still a time for good cheer and loaded tables, financed by weekly savings towards Park's main product, the annual hamper.

Yesterday Park Food reported a 73 per cent increase in pre-tax profits to £6.89m (£3.99m) for the year to March 31 1992. This was from static turnover of £119.5m (£119.6m).

Mr Peter Johnson, chairman and managing director, said he was "delighted" with the results and that potential for growth in the group's core business – supplying Christmas hampers via a nationwide network of 65,000 commission-earning agents – was considerable.

Mr Richard Hughes, director responsible for the hamper and voucher division, said that of the UK's 22m households, roughly half fit socio-economic C2/D/E profiles, the central target for the group's hampers.

At the moment Park Food services some 1.5m of those homes, taking about 40 per cent of the Christmas hamper market, currently worth £300m annually. Sales of hampers for Christmas 1991 increased by 14.7 per cent over 1990's figure.

Mr Johnson said that Park Food's hamper business had seen sustained growth since its establishment in 1967: "when times are bad people feel the need to save and when times are good they feel they can save".

The group made a number of disposals last year, though the remaining subsidiaries – Jetlag, supplier of travellers' kits to airlines and hotels, and Bee Cee Foods, the group buying arm – are contributing to group profitability.

Earnings per share increased by 79 per cent to 8.6p (4.8p). The directors recommended a final dividend of 2.2p (1.14p) making a 3.2p (1.6p) total.

The group had nil gearing at March 31, compared with 60 per cent in 1991, and net cash of £10.9m. There was £13m cash flow from operations against £6.73m last time.

Cakebread Robey plunges £1.7m into red

By Peggy Hollinger

Cakebread Robey, the Middlesex-based builders' merchant, plunged into loss last year as contractors delayed starting dates and cancelled orders.

The group, which warned in February the deficit would top £1.3m, swung from a £282,000 profit to a £1.7m loss in the year to December 31.

Mr Martin Earle, chairman, said the deeper-than-expected losses had been due to accounting inaccuracies in the manufacturing division. These had misrepresented the level of losses, especially in the fourth quarter. The division's accountant left before the inaccuracies were discovered.

Turnover fell by 15 per cent to £22.9m. The manufacturing division was hardest hit with sales down by 45 per cent. Merchanting volume declined by 9 per cent, and losses had deepened, Mr Earle said.

An extraordinary gain of £256,000 on the disposal of two properties left a £1.3m loss attributable to shareholders.

Mr Earle warned that it could "take some time" to restore the company to profitability.

Earnings per share swung from 3.2p to losses of 26.1p. There was no dividend.

First quarter rise for ADT in spite of difficult markets

By Richard Gourlay

ADT, the car auctions and security company with a London and New York listing, yesterday reported first quarter profits up 4 per cent at $32.1m (£17.8m) despite continuing difficult economic conditions in North America and Europe.

Sales rose 5 per cent to $318.9m and earnings per share by 9.5 per cent to $0.23.

The company also confirmed the appointment of three new independent non-executive directors chosen with the agreement of Laidlaw, the Canadian transport group which has a 28.4 per cent stake in ADT.

The non-executive directors will form an audit committee which will set its own agenda but which is designed to bring more corporate governance to the company.

Last April, Laidlaw suspended a case in a New York court which claimed ADT had made misleading profits disclosures in relation to transactions with its associated companies.

The case was dropped after ADT agreed, among other things, to appoint four Laidlaw directors and four mutually acceptable non-executive directors.

The three new directors are Mr Peter Slusser, the president of a private investment bank in New York and a former head of mergers and acquisitions at Paine Webber, the investment bank; Mr James Pasman, a director of First Boston Investment Fund and a former chief executive of Kaiser Aluminium; and Mr Alan Henderson, vice-president of administration of Ranger Oil and a director of Ranger Oil UK.

In security services, Mr Michael Ashcroft, ADT chairman, said the commercial sector remained soft but the group made progress in the residential market.

Operating profit in the division rose 3.8 per cent to $30.2m.

The auctions division was hit by continuing low levels of new car sales and operating profit fell 8.5 per cent to $20.4m with the greatest fall in the UK.

ADT said it expected overall performance of the auctions division this year to be equal or just ahead of last year's performance.

First UK profit of £18.4m for Nissan

By Kevin Done, Motor Industry Correspondent

NISSAN's British car manufacturing operations made a profit last year for the first time since the Japanese car maker began production in the UK in 1986.

Nissan Motor Manufacturing (UK) achieved a net profit of £18.4m on a turnover of £779.4m in 1991 compared with a loss of £43.9m in the nine months to the end of 1990 on a turnover of £382.9m.

Mr Ian Gibson, NMUK managing director, said yesterday that the company expected its profit to fall this year to less than £1m under the impact of heavy expenditure to increase production capacity for the addition of a second car range at the Sunderland plant.

The company said that it had achieved its first profit 12 months ahead of schedule thanks to higher than expected production in 1991.

The losses accumulated since 1985, which totalled £129m at the end of 1990, were reduced to £111m by the end of last year, and Mr Gibson forecast that the losses should be eliminated by 1995.

Output of the Nissan Primera jumped to 124,663 last year from 76,241 in 1990 with 90.5 per cent of output exported.

Sales rose strongly in Germany to more than 30,000, and NMUK is now exporting to more than 30 countries including Japan.

Output is planned to rise to 175,000 this year, including 37,000 Nissan Micra small cars, which begin production in August.

Production is scheduled to jump again in 1993 to 270,000 comprising 130,000 Micras and 140,000 Primeras, as the plant moves towards its presently planned full capacity of 300,000 cars a year.

Nissan's investment at the Sunderland site will have totalled around £900m by 1993, of which £125m-£130m will have been provided as UK state aid.

Nissan's investment in the UK totals around £1bn including the company's vehicle design and development operations at Cranfield, Bedfordshire and its UK marketing and distribution operations.

The NMUK workforce at Sunderland totalled 3,770 at the end of 1991 and will rise to around 4,600 by the end of 1992, making it one of the largest manufacturing operations in northern England.

The total Nissan workforce at the site will reach around 5,200 by the end of the year including more than 600 employed by Nissan Yamato Engineering, NMUK's 80 per cent-owned pressings subsidiary.

Mr Gibson said that the Nissan Primera range had reached more than 80 per cent local European content. Component purchases by Nissan in Europe for the UK plant totalled £450m compared with around £145m spent on component imports from Japan.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
Cakebread Robey ...fin	nil	-	2.1	nil	3
Dakota § ...int	nil	-	0.5♣	-	1.1
Hunter Saphir ...fin	1.5	Aug 19	3.7	2.5	5.05
Park Food ...fin	2.2	Sep 23	1.14	3.2	1.6
Southnews § ...fin	1	Aug 5	nil	1.5	0.8

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock. ♣Irish currency.

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1992 High	1992 Low	Stock	Closing Price p	+ or -	Net Div.	Times Cov'd	Gross Yield	P/E Ratio
-	F.P.	-	425	376	Bodycote Intl. (RFD)	425		8.75	3.0	2.7	15.6
-	F.P.	-	288	280	Brazilian Inv Tst Units	286		-	-	-	-
-	F.P.	-	4	2	Brent Walker Wts to Sub	4		-	-	-	-
-	F.P.	-	91	81	Govett Amer Smllr Co's	82		-	-	-	-
-	F.P.	-	106	103	Grosvenor Ines	103		H4.0	-	5.2	-
75	F.P.	-	90	84	‡Hughes (T.J)	86	-2	W2.25	2.2	3.5	17.7
110	F.P.	-	149	145	Industrial Control Servs	149		Rs3.6	2.0	3.2	16.8
£10⅝	F.P.	-	£12¼	£10½	Latin Am Inc & Appr. 1c	£10½		-	-	-	-
-	F.P.	-	41	34½	M & G Recovery Inc.	41		F3.75	-	12.2	-
-	F.P.	-	25	12¼	Do. Capital	25		-	-	-	-
-	F.P.	-	64½	46½	Do. Geared Units	64½	+½	F3.75	-	7.8	-
-	F.P.	-	122	96	Do. Package Units	122		F3.75	-	4.1	-
-	F.P.	-	11	¼	Multitrust Warrants	11		-	-	-	-
115	F.P.	-	146	121	Rotelys	145		L4.3	1.7	4.0	16.7
100	F.P.	-	106	98	Templeton Emrg. Mkts. C.	104		-	-	-	-
-	F.P.	-	26	22½	Welpac (RFD)	26		-	-	-	-

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1992 High	1992 Low	Stock	Closing Price £	+ or -
-	F.P.	-	15p	8p	Brent Walker Var Rte 2nd Prf '00/07	12p	
-	F.P.	-	12p	6p	Do 8½pc 3rd Non-Cum Cnv Prf 2007/10	6p	-½
100p	F.P.	-	103½p	102½p	Commercial Union 8¼pc Cm Ird Pf	103½p	+¼
-	F.P.	-	59¼p	48½p	M & G Recovery Zero Div Prf 1p	58¾p	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1992 High	1992 Low	Stock	Closing Price p	+ or -
285	Nil	9/6	77pm	71pm	Concentric	75pm	
5	Nil	15/7	¼pm	¼pm	Europa Minerals 2p	¼pm	
57	Nil	19/6	¾pm	¼pm	Fulcrum Inv. Trust Inc.	¼pm	
95	Nil	12/6	20pm	5pm	Ingham	5pm	
280	Nil	3/7	97pm	90pm	Lamont	91pm	-1
70	Nil	23/6	15pm	14pm	Martin (Albert)	15pm	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. z Ex-dividend. F Dividend and yield based on prospectus or other official estimates for 1992-93. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. R Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. § Offered to holders of ordinary shares as a "rights". † Introduction. ‡ Placing price. ‖ Reintroduction. ‡ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

- First Dealings May 18
- Last Dealings June 5
- Last Declarations Aug. 20
- For settlement Sept. 1

3-month call rate indications are shown on page 11.

Calls in Aran Energy, ASDA, Eurotunnel Units, First Tech., Hanson warrants, Lucas warrants, Midland & Scottish Res., Ossory Estates, Ransomes, Savage, Tarmac and Tinsley Robor. Puts and calls in ASDA, British Telecom New partly-paid and Premier Cons.

NEWS DIGEST

Southnews £0.9m back in the black

SHARES OF Southnews, the USM-quoted London regional newspaper publisher, rose 10p to 104p yesterday on news of a swing from losses of £987,000 to profits of £899,000 pre-tax for the year to March 28.

The 1990 losses were struck after taking account of exceptional reorganisation costs of £916,000.

Turnover fell from £16.4m to £14.1m. The directors said the "recruitment" category of the advertising business accounted for 70 per cent of the decline.

Earnings per share emerged at 3.93p (losses 5.24p). A final dividend of 1p makes a 1.5p (0.8p) total.

Year-end gearing was cut from 71 per cent to 17 per cent and the balance sheet was further strengthened via the sale earlier this month of newspaper interests in Bognor Regis and Chichester.

Minstergate lower as interest received falls

Lower interest received as a result of "significant falls in interest rates" meant that pre-tax profits at Minstergate fell from £1.32m to £951,000 for the six months to February 29.

The group, which is involved in property management and development with one manufacturing subsidiary, improved turnover to £1.93m (£1.39m) and there was a reduced trading loss of £24,000 (£172,000). Performance within each division had been above expectations, the company said.

However, interest received dropped from £1.42m to £958,000.

Earnings per share worked through at 25.43p (36.43p).

All subsidiaries were trading profitably, the company said, but it was doubtful whether any significant recovery in the property or manufacturing sectors would occur during the second half.

Stratagem sharply higher at £840,000

Stratagem Group, the investment company enlarged via the takeover of Touchstone, the computer services concern, some 12 months ago, increased its profits from £18,000 to £840,000 pre-tax for the half year ended February 28.

The improvement reflected realisations of quoted investments over the period. The surplus on disposals totalled £861,000 (£9,000) while other income rose to £594,000 (£288,000).

Earnings per share amounted to 11.2p against losses of 1.1p.

Greyfriars net asset value falls to 44.44p

Greyfriars Investment Company had a net asset value of 44.44p at March 31 against 65.26p a year earlier.

After tax of £59,637 (£86,119) net revenue for the half year amounted to £318,543 (£225,055) for earnings per share of 3.12p (3.22p).

An unchanged interim dividend of 2p is declared.

Total income fell from £442,208 to £374,916 including a subsidiary's loss on its dealing account of £16,470 (£40,709 profit).

Dakota falls to I£144,000

Profits before tax of Dakota Group, the USM-quoted packaging products, technical manuals, brochures and promotional literature group, fell from I£820,000 to I£144,000 (£131,000) for the half year to end-March.

Turnover declined to I£13.63m (I£15.14m) and fully diluted earnings to 0.2p (2.2P). The interim dividend is being omitted – 0.5p was paid previously.

The group is reducing its 55 per cent stake in Formprint to 18 per cent via the sale of a 37 per cent interest to the company's management for I£75,000. The sale will result in an I£1.25m extraordinary write-down in Dakota's full-year results.

Castle Mill tumbles into £6.51m loss

Castle Mill International, the clothing and gifts group, reported a significant loss for 1991.

As warned at the end of March, the second half was hit by a difficult trading climate. This, coupled with disposals in 1990, contributed to a fall in sales from £23.1m to £9.82m. Last year's pre-tax profit of £313,861 swung into losses of £6.51m. At the interim stage losses were £913,000.

The company said as the year developed it had decided to close the loss-making business of Faril Children's Character Clothing and Force Sportive Women's Leisurewear.

In addition a substantial provision was made in Hayjax and Giftmate with a view to reshaping them.

To strengthen the balance sheet the company's bankers have agreed to place £3.1m of borrowings on to term loans of two and three years at lower interest rates.

Losses per share were 50.4p (0.8p earnings) and in view of the results there is again no dividend.

Management buys London Coaches

London Coaches, London's largest sightseeing and commercial bus operator in Kent, Central London and Heathrow, has been bought by its management for £5m.

Lead adviser to the buy-out, from London Buses, was Capita Corporate Finance, a subsidiary of Capita Group, the UK's largest provider of management services to the public sector.

The management will acquire 90 per cent of the equity of Pullmans, the vehicle formed to effect the transaction. The remaining 10 per cent will be taken by Capita.

BAII to sell its 50% stake in Sheppards

Banque Arabe et Internationale d'Investissement, a subsidiary of France's Banque Nationale de Paris, is to sell its 50 per cent stake in Sheppards, the medium-sized London stockbroker.

Sheppards' executive directors, who along with staff acquired a 49 per cent stake in the company in 1988, are looking for a new partner to take over the BAII stake.

The group, which conducts client fund management, institutional stockbroking and corporate finance business, is advised by Morgan Grenfell.

BAII bought Sheppards in April 1985 and sold 49 per cent to management in 1988. BNP took control of BAII two years later.

Acatos & Hutcheson meets expectations

Acatos & Hutcheson, a processor and marketer of edible oil products, met its own expectations by returning profits of £3.63m pre-tax for the half year to March 29.

The 30 per cent improvement on last time's £2.8m was scored from a turnover of £104.64m (£115.74m). Interest charges were cut from £1.9m to £826,000.

An interim dividend of 2.5p (1.75p) is being paid from earnings of 7.1p (5.1p).

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Prices for Trading on 30.05.92: Pool purchase price £/MWh	Final Prices for Trading on [illegible]: Pool purchase price £/MWh	Final Prices for Trading on [illegible]: Pool selling price £/MWh
0030	20.21	17.06	17.06
0100	18.90	17.06	17.06
0130	18.90	17.40	17.40
0200	18.90	24.48	26.14
0230	18.90	24.48	26.12
0300	17.34	24.48	26.11
0330	17.34	20.17	21.66
0400	17.34	17.65	19.04
0430	17.34	17.66	19.06
0500	17.34	17.06	17.06
0530	18.58	17.02	17.02
0600	18.58	17.04	17.04
0630	19.19	17.04	17.04
0700	19.19	17.05	17.05
0730	19.22	17.09	17.09
0800	19.63	17.75	19.17
0830	21.92	18.67	20.11
0900	23.35	18.67	20.11
0930	24.25	19.68	21.15
1000	26.50	23.75	25.37
1030	26.50	23.75	25.36
1100	25.63	23.75	25.34
1130	25.63	23.75	25.34
1200	24.25	19.68	21.14
1230	24.25	18.67	20.10
1300	23.36	18.67	20.10
1330	22.16	18.67	20.11
1400	19.89	17.79	19.20
1430	19.89	17.05	17.05
1500	19.89	17.05	17.05
1530	19.89	17.03	17.03
1600	19.89	17.05	17.05
1630	19.89	17.05	17.05
1700	23.51	17.09	17.09
1730	24.65	17.76	19.15
1800	24.65	18.08	19.48
1830	24.65	17.79	19.20
1900	23.51	17.79	19.21
1930	19.89	17.06	17.06
2000	19.74	17.06	17.06
2030	19.63	17.09	17.09
2100	19.65	18.57	20.12
2130	24.98	18.57	20.10
2200	24.98	18.67	20.10
2230	24.98	18.67	20.10
2300	24.98	17.79	19.19
2330	19.38	17.79	19.21
2400	19.29	17.04	17.04

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.88/MWh becomes 1.888p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

ECONOMIC DIARY

MONDAY: Western European Union parliamentary assembly holds regular session in Paris (until June 4). US NAPM (May); personal income (April); construction expenditures (April); and merchandise trade, balance of payments (first quarter). European Community transport council meeting in Lisbon. Westland Group interim report.

TUESDAY: London sterling certificates of deposit (April). Monetary statistics (including bank and building society balance sheets) (April). Bill turnover statistics (April). Sterling commercial paper (April). Money market statistics (April). UK official reserves (May). US leading indicators (April); new home sales (April). Denmark holds binding referendum on ratification of the European Community Maastricht Treaty.

WEDNESDAY: Overseas travel and tourism (March). Advance energy statistics (April). US factory orders (April). United Nations conference on the environment and development in Rio de Janiero (until June 14). European Commission meets in Brussels to discuss strategy for admitting new countries into the European Community. Reed International preliminary figures.

THURSDAY: Cyclical indicators for the UK economy (April – second estimate). Investment intentions of the manufacturing and service industries (spring survey). Details of employment, unemployment, earnings, prices and other indicators. US capital spending (first quarter). Central American presidents' summit in Managua will discuss free trade and regional disarmament (until June 5). European Community tourism council meets in Luxembourg. Financial Times holds "Venture Symposium 92" in Madrid (until June 5).

FRIDAY: US unemployment (May); consumer credit (April). Czechoslovak general elections. North Atlantic Co-operation Council meeting in Oslo.

LIFFE EQUITY OPTIONS

Option		Calls Jul	Calls Oct	Calls Jan	Puts Jul	Puts Oct	Puts Jan
Alld Lyons (*664)	600	60	81	90	5½	14	18
	650	25	49	60	23	33	39
	700	8	28	39	60	65	67
ASDA (*33)	30	5½	8½	9	2½	4	5½
	35	3½	5½	7½	4½	7	8
	40	2	3½	5	8	10½	11½
Brit. Airways (*292)	260	33	41	47	5	9	13
	280	17	27	34	10	16	21
	300	8½	19	26	24	28	31
SmKl Beecham A (*917)	900	52	83	105	22	38	48
	950	27	56	78	49	62	72
	1000	12	36	57	88	94	100
Boots (*481)	460	28	45	53	11	15	19
	500	8½	23	33	32	36	38
B.P (*273)	260	21	27	30	4½	10	12
	280	9½	15	21	13	19	22
British Steel (*79)	70	12	13	14	2	3	4½
	80	4	8½	9	5½	7	9½
Bass (*629)	600	39	52	57	8	16	22
	650	13	31	40	34	38	47
C & Wire (*574)	550	39	58	69	13	21	25
	600	13	31	43	40	46	50
Courtaulds (*562)	550	26	43	56	17	26	31
	600	7	22	33	52	56	60
Com. Union (*490)	460	39	47	58	5	13	16
	500	14	25	35	21	34	35
Fisons (*349)	330	33	47	53	7½	12	19
	360	15	29	38	22	31	33
GKN (*430)	420	26	34	45	13	22	25
	460	7	18	26	35	45	48
Grand Met. (*509)	500	26	38	51	12	21	24
	525	15	26	–	25	34	–
I.C.I. (*1346)	1300	80	105	143	17	40	49
	1350	48	75	115	36	63	71
Kingfisher (*559)	550	30	48	62	15	24	30
	600	9	24	40	48	56	60
Ladbroke (*237)	220	24	31	36	3	7½	9
	240	10½	19	23	10	16	19
Land Secs (*442)	420	20	33	39	10	14	18
	460	4½	14	19	38	40	41
M & S (*341)	330	18	29	36	8	12	15
	360	5½	15	22	26	28	29
Sainsbury (*473)	460	23	37	47	12	17	21
	500	5½	18	28	38	40	43
Shell Trans. (*515)	500	32	41	52	6	15½	17
	550	6	15	25	36	43	44
Storehouse (*142)	140	8	14	17	9	11	12
	160	2	8	9½	22	24	26
Trafalgar (*140)	140	10½	21	24	9½	14	18
	160	4½	12	15	24	27	31
Utd. Biscuits (*401)	390	24	35	42	6½	13	15
	420	8½	19	27	22	28	31
Unilever (*908)	900	37	63	79	17	27	32
	950	13	36	52	45	55	58
Option		**Aug**	**Nov**	**Feb**	**Aug**	**Nov**	**Feb**
Brit Aero (*352)	330	39	45	54	9	19	23
	360	25	32	40	23	34	38
	390	11	18	26	43	53	57

Option		Calls Aug	Calls Nov	Calls Feb	Puts Aug	Puts Nov	Puts Feb
BAA (*647)	600	62	79	87	9	14	17
	650	28	48	58	28	35	37
	700	11	25	38	63	65	68
BAT Inds (*811)	750	84	95	114	10	18	22
	800	42	64	82	27	37	42
	850	21	38	56	57	67	70
BTR (*483)	460	40	47	57	7	15	19
	500	18	24	36	24	34	38
	550	4½	9½	17	68	70	72
Brit. Telecom (*359)	330	35	39	44	4	9	12
	360	14½	22	26	17	22	25
Cadbury Sch (*464)	460	29	42	53	15	22	26
	500	11	23	33	40	45	48
Eastern Elec (*276)	260	23	27	31	7½	13	16
	280	10	17	21	21	23	26
Guinness (*593)	550	64	77	92	7½	14	17
	600	29	45	60	26	31	36
GEC (*224)	220	12	17	21	9	11	13
	240	4	8	12	23	24	25
Hanson (*233)	220	19	22½	28	4	8	9½
	240	7½	12	16½	14	17½	19½
LASMO (*205)	200	23	33	40	13	18	24
	220	14	24	30	24	30	35
Lucas Inds (*142)	140	12	17	19	8	13	15
	160	4	10	11	21	26	28
P. & O. (*514)	500	41	50	64	16	29	34
	550	17	27	38	44	59	63
Pilkington (*147)	140	14	21	23	7	8½	11
	160	6	11	15	20	19	22
Prudential (*249)	240	22	28	32	7	11	13
	260	11	16	21	16	21	22
R.T.Z. (*618)	600	45	62	77	14	24	29
	650	21	36	51	42	50	54
Scot. & New (*460)	460	21	31	39	22	28	30
	500	6½	16	22	52	55	56
Tesco (*276)	260	26	34	40	4	8	10
	280	12½	21	26	13	15	17
Thames Water (*446)	420	34	43	49	9	13	17
	460	10	23	28	32	35	38
Vodafone (*384)	360	35	48	58	8	13	16
	390	18	31	41	22	27	29
Option		**Jun**	**Sep**	**Dec**	**Jun**	**Sep**	**Dec**
Abbey Nat. (*299)	280	24	31	39	2½	7	10
	300	8	17	27	8	15	18
Amstrad (*43)	40	6	9½	11½	2½	5	7
	45	3	7	9½	5	7½	10
Barclays (*373)	360	19	27	36	5½	16	19
	390	4½	11	21	24	35	36
Blue Circle (*244)	240	11½	21	28	5	13	17
	260	4½	11	17	18	24	28
British Gas (*258)	240	22	29	31	1½	3½	7½
	260	7	16	20	5½	10	15
Dixons (*271)	260	20	26	36	4	12	16
	280	7½	16	26	13	20	26
Eurotunnel (*370)	360	25	44	59	13	23	30
	390	10	29	45	29	40	46

Option		Calls Jun	Calls Sep	Calls Dec	Puts Jun	Puts Sep	Puts Dec
Glaxo (*775)	750	45	78	99	19	37	51
	800	19	50	74	39	62	75
Hillsdown (*178)	160	22	27	32	1½	4	7
	180	6½	14	21	7½	11	14
Lonrho (*93)	90	8	12	18	3½	8	13
	100	3	8	13	9½	13	17
Midland Bk (*416)	390	33	45	54	4	10	17
	420	10	25	35	14	20	31
National Power (*235)	235	7	13	–	6	13	–
	255	1½	–	–	22	–	–
Reuters (*1192)	1150	67	108	145	16	43	58
	1200	36	77	115	37	67	82
R. Royce (*165)	160	10	16	20	4	8	11
	180	2½	6½	11	16½	20	22
Scottish Power (*183)	180	7½	13½	15	3½	9	10½
	190	3	8	10	9	15	16
Sears (*94)	90	8	12½	14	2½	5	7
	100	3½	7½	10½	8	11	12
Forte (*238)	220	23	33	37	1½	5	9
	240	9	19	24	7½	12	16
Thorn EMI (*835)	819	31	55	–	8	29	–
	850	14	28	44	22	49	53
TSB (*141)	140	6	10	13	3	7½	8½
	160	1	3½	6½	20	22	23
Vaal Reefs (*$52)	50	5½	7	9½	2	3½	4½
	60	1½	3½	4	8	10	11
Wellcome (*981)	950	57	95	130	18	44	60
	1000	28	70	96	39	70	80

EURO FT-SE INDEX (*2705)

	2575	2625	2675	2725	2775	2825	2875	2925
CALLS								
May	127	77	27	½	½	½	½	–
Jun	146	102	61	30	10	3	1½	1
Jul	–	120	–	53	–	13	–	3
Sep	–	168	–	100	–	55	–	25
Dec	–	230	–	165	–	110	–	65
Mar	–	270	–	205	–	150	–	110
PUTS								
May	½	½	½	25	75	125	175	–
Jun	2½	7	16	34	65	105	154	204
Jul	–	15	–	46	–	105	–	190
Sep	–	33	–	58	–	112	–	180
Dec	–	50	–	80	–	112	–	173
Mar	–	65	–	95	–	130	–	185

FT-SE INDEX (*2705)

	2550	2600	2650	2700	2750	2800	2850	2900
CALLS								
May	151	101	51½	1	½	½	½	–
Jun	173	126	80	40	16	4½	1½	½
Jul	190	145	102	67	38	20	8	3½
Aug	209	165	126	91	61	38	24	14
Dec †	–	247	–	178	–	118	–	72
PUTS								
May	½	½	½	½	49½	99½	149	–
Jun	2½	4	9	23	50	98	148	198
Jul	6	11	20	36	61	99	148	198
Aug	14	20	30	48	71	105	148	198
Dec †	–	52	–	83	–	135	–	200

May 29 Total Contracts 36,339
Calls 22,374 Puts 13,965
FT-SE Index Calls 5,847 Puts 8,138
Euro FT-SE Calls 3,184 Puts 57
*Underlying security price. † Long dated expiry mths
Premiums shown are based on middle prices.

TRADITIONAL OPTION 3-month call rates

INDUSTRIALS	p
Allied-Lyons	49
Amstrad	6
Astec (BSR)	3
BAT Inds	58
BOC	53
BTR	35
Barclays	29
Blue Circle	24
Boots	34
Bowater	60
Brit Aerospace	28
British Steel	7
Brit Telecom	25
Cadburys	38
Charter Cons.	37
Comm Union	34
Courtaulds	43
Eurotunnel	32
FKI	8
FNFC	7
Forte	19
GKN	33
Gen Accident	38
GEC	17
Glaxo	52
Grand Met	38
GRE	13
Hanson	18
ICI	95
Ladbroke	18
Legal & Gen	29
Lex Service	22
Lloyds Bank	32
Lonhro	12
Lucas Inds	12½
Marks Spencer	27
Midland Bank	30
NatWest Bank	26
P & O Dfd	37
Racal Elect	5½
RHM	18
Rank Org	55
Ratners	3
Reed Intl	44
Sears	8½
SmKl Bchm A	60
TI	55
TSB	11½
Tesco	22
Thorn EMI	63
T & N	11½
Unilever	70
Vickers	15
Wellcome	75
PROPERTY	
Brit Land	18
Land Sec.	30
MEPC	28
Mountleigh	1½
OILS	
Aviva Pet	25
BP	18
Burmah Castrol	48
Conroy Pet	8½
Gaelic Res	½
Premier Cons	2¾
Shell	35
Tuskar Res	½
MINES	
RTZ	47

FT-ACTUARIES SHARE INDICES

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EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

	Equity groups & sub-sections	Fri May 29 1992 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1992 to date	Thu May 28 Index No	Wed May 27 Index No	Tue May 26 Index No.	Year ago (approx) Index No.	1992 High		1992 Low		Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (179)	902.09	–0.5	6.56	5.15	19.84	14.90	906.54	913.51	918.93	816.73	929.04	20/5	739.74	10/1	1038.07 16/7/87	50.71 13/12/74
2	Building Materials (22)	1057.92	–1.9	5.23	5.59	26.55	19.03	1078.76	1087.29	1097.92	1033.07	1121.52	11/5	872.32	10/1	1381.08 16/7/87	44.27 11/12/74
3	Contracting, Construction (28)	1017.28	–1.2	3.57	5.94	59.28	23.82	1029.29	1044.34	1050.95	1283.59	1069.64	11/5	827.89	10/1	1951.50 16/7/87	71.48 2/12/74
4	Electricals (8)	2715.02	–0.5	6.81	5.43	19.07	68.82	2728.67	2744.50	2755.27	2380.17	2758.50	22/5	2296.79	2/1	3040.80 8/9/89	84.71 25/6/62
5	Electronics (29)	1997.58	+0.6	8.97	4.26	14.13	5.05	1984.88	1991.16	1991.69	1751.43	2080.64	13/5	1655.93	13/1	2308.22 19/5/89	1229.01 8/10/85
6	Engineering-Aerospace (7)	390.05	–0.1	8.98	6.66	14.12	11.16	390.38	393.66	395.52	423.10	406.10	20/5	313.50	14/2	502.42 13/6/90	313.50 14/2/92
7	Engineering-General (44)	564.03	....	7.37	4.18	16.84	7.82	563.85	566.65	566.89	438.61	567.62	20/5	455.80	2/1	567.62 20/5/92	339.57 23/1/91
8	Metals and Metal Forming (8)	363.09	+0.4	0.90	9.50	–	2.03	361.79	375.30	373.32	443.63	379.31	18/5	295.34	10/1	596.67 9/10/87	49.65 6/1/75
9	Motors (14)	393.51	–0.5	6.78	5.97	19.37	9.96	395.37	396.30	397.08	325.42	403.06	21/5	277.78	10/1	411.42 13/10/87	19.91 6/1/75
10	Other Industrial Materials (19)	1846.78	–0.4	6.72	4.49	17.93	33.79	1854.99	1866.99	1888.16	1474.87	1906.65	11/5	1495.50	2/1	1906.65 11/5/92	277.55 15/1/81
21	CONSUMER GROUP (188)	1737.11	+0.7	7.02	3.31	17.48	16.67	1725.50	1720.45	1727.33	1461.51	1761.38	11/5	1565.23	8/4	1761.38 11/5/92	61.41 13/12/74
22	Brewers and Distillers (24)	2246.40	+0.9	7.47	3.30	16.11	16.84	2225.71	2207.60	2228.77	1821.16	2278.85	11/5	1938.05	8/4	2278.85 11/5/92	69.47 13/12/74
25	Food Manufacturing (17)	1279.94	+0.2	8.30	4.10	14.91	20.33	1277.64	1279.87	1288.35	1173.13	1327.80	11/5	1212.43	8/4	1327.80 11/5/92	59.67 11/12/74
26	Food Retailing (18)	2938.00	+1.0	8.31	3.11	15.63	20.23	2908.40	2866.91	2860.99	2742.08	2998.16	18/5	2293.60	10/1	2998.16 18/5/92	54.25 11/12/74
27	Health and Household (24)	4220.97	+1.5	6.53	2.51	17.44	35.84	4158.62	4139.41	4149.97	3378.56	4654.94	14/1	4009.23	23/4	4654.94 14/1/92	175.38 28/5/80
29	Hotels and Leisure (20)	1403.77	–0.1	5.91	4.84	21.91	23.50	1405.48	1419.15	1416.73	1283.23	1450.36	13/5	1210.11	2/1	1845.77 8/9/89	54.83 9/1/75
30	Media (25)	1657.76	+0.5	5.77	3.32	21.51	18.07	1649.05	1648.62	1653.35	1419.69	1721.09	11/5	1402.70	8/1	1721.09 11/5/92	1166.91 16/1/91
31	Packaging, Paper & Printing (17)	850.42	+0.8	6.05	3.88	19.97	11.55	843.76	846.78	852.34	675.41	875.53	13/5	714.55	2/1	875.53 13/5/92	43.46 6/1/75
34	Stores (33)	1110.08	–0.4	6.82	3.30	19.41	6.71	1114.81	1117.01	1121.50	905.92	1135.66	27/4	941.79	3/4	1160.58 29/7/87	52.63 6/1/75
35	Textiles (10)	739.50	–0.7	6.22	4.20	20.29	10.52	744.76	748.80	751.56	531.87	756.70	8/5	587.29	8/1	914.52 2/10/87	62.66 11/12/74
40	OTHER GROUPS (116)	1341.30	+0.5	9.12	4.86	13.75	14.24	1335.28	1337.36	1341.51	1235.43	1359.32	11/5	1140.56	3/4	1359.32 11/5/92	58.63 6/1/75
41	Business Services (17)	1489.82	+0.1	6.56	4.27	19.22	14.66	1487.68	1487.22	1499.02	1215.56	1511.16	11/5	1233.67	8/4	1511.16 11/5/92	892.28 1/2/91
42	Chemicals (22)	1568.68	.....	6.80	4.65	18.02	24.37	1569.46	1572.02	1583.62	1377.96	1629.99	8/5	1392.40	10/1	1629.99 8/5/92	71.20 1/12/74
43	Conglomerates (11)	1435.79	+1.0	9.00	6.62	13.88	11.37	1420.97	1417.39	1421.44	1475.53	1509.94	11/5	1249.23	13/2	1819.46 11/8/89	975.19 10/11/87
44	Transport (14)	2704.01	+0.2	6.87	4.29	17.79	30.47	2697.61	2729.78	2761.40	2193.88	2790.11	20/5	2256.85	8/4	2790.11 20/5/92	90.80 29/6/62
45	Electricity (16)	1317.86	+0.5	13.63	5.00	9.46	17.21	1311.55	1305.22	1305.96	1241.75	1323.09	22/5	1044.63	7/4	1323.09 22/5/92	994.96 7/1/91
46	Telephone Networks (4)	1484.58	+0.6	10.33	4.39	12.64	16.02	1476.19	1495.37	1491.58	1484.07	1505.86	22/5	1274.20	3/4	1658.67 2/10/91	517.92 30/11/84
47	Water (10)	2913.08	+1.0	14.48	5.54	7.64	0.00	2884.75	2884.85	2880.12	2449.09	2934.20	11/5	2140.95	8/4	2934.20 11/5/92	1820.30 1/5/90
48	Miscellaneous (22)	2142.05	+0.3	5.51	4.60	23.97	21.83	2136.52	2102.87	2113.62	1886.77	2167.85	11/5	1770.94	3/1	2167.85 11/5/92	60.39 6/7/75
49	INDUSTRIAL GROUP (483)	1404.52	+0.4	7.60	4.14	16.44	15.74	1399.16	1399.83	1405.55	1233.13	1427.97	11/5	1231.76	3/4	1427.97 11/5/92	59.01 13/12/74
51	Oil & Gas (17)	2189.69	–0.1	6.93	6.49	18.97	63.63	2192.69	2217.38	2187.05	2377.49	2226.66	2/1	1937.42	3/4	2528.70 3/8/90	87.23 29/5/62
59	500 SHARE INDEX (500)	1478.70	+0.3	7.53	4.38	16.67	19.30	1473.84	1476.21	1479.49	1330.52	1493.99	11/5	1298.02	3/4	1493.99 11/5/92	63.49 13/12/74
61	FINANCIAL GROUP (86)	780.32	+0.3	–	5.82	–	17.10	777.95	783.83	787.98	799.03	802.65	20/5	637.33	3/4	896.67 13/10/87	55.88 13/12/74
62	Banks (9)	994.38	+1.0	4.85	5.49	32.61	24.58	984.72	992.76	997.46	903.34	1026.34	20/5	790.95	3/4	1026.34 20/5/92	62.44 12/12/74
65	Insurance (Life) (6)	1532.39	–0.9	–	5.81	–	44.26	1545.53	1548.92	1570.04	1484.06	1613.38	21/5	1243.61	6/4	1632.53 4/9/91	44.88 2/1/75
66	Insurance (Composite) (7)	530.87	–0.8	–	6.55	–	13.46	535.01	543.81	548.90	666.41	564.54	13/5	419.96	8/4	768.11 29/12/89	43.96 13/12/74
67	Insurance (Brokers) (10)	995.96	–0.4	7.83	6.73	16.79	21.48	1000.18	999.60	995.34	1068.50	1031.35	27/1	891.99	8/4	1399.56 17/7/87	65.86 16/12/74
68	Merchant Banks (7)	517.28	+0.7	–	4.12	–	4.25	513.52	517.92	516.11	422.52	521.89	22/5	405.18	7/4	547.59 12/10/87	31.21 7/1/75
69	Property (32)	721.10	+0.4	8.09	6.39	16.64	6.75	718.06	720.41	722.06	945.22	799.69	20/1	613.80	8/4	1398.87 5/9/89	56.01 20/4/65
70	Other Financial (15)	268.92	–0.1	6.77	6.46	20.03	3.12	269.11	271.17	271.79	281.08	271.79	26/5	221.16	7/4	603.48 16/7/87	33.29 17/12/74
71	Investment Trusts (70)	1256.56	–0.1	–	3.56	–	15.07	1257.80	1259.62	1260.06	1209.27	1273.08	11/5	1112.66	8/4	1323.81 4/1/90	71.12 13/12/74
99	ALL-SHARE INDEX (656)	1311.79	+0.3	–	4.53	–	18.45	1307.66	1310.67	1314.00	1201.85	1326.36	11/5	1142.45	3/4	1326.36 11/5/92	61.92 13/12/74

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	May 28	May 27	May 26	May 22	May 21	Year ago	1992 High		1992 Low		Since Compilation High	Since Compilation Low
FT-SE 100 SHARE INDEX‡	2707.6	+13.4	2707.7	2695.3	2694.2	2698.6	2704.6	2715.0	2702.0	2499.5	2737.8	11/5	2382.7	3/4	2737.8 11/5/92	986.9 23/7/84

FIXED INTEREST

	PRICE INDICES	Fri May 29	Day's change %	Thu May 28	Accrued interest	xd adj. 1992 to date
	British Government					
1	Up to 5 years (25)	123.51	+0.09	123.41	2.57	4.62
2	5-15 years (24)	140.30	+0.08	140.19	2.68	5.45
3	Over 15 years (10)	153.53	+0.07	153.42	3.56	3.39
4	Irredeemables (6)	168.42	+0.07	168.30	1.22	6.11
5	All stocks (65)	137.75	+0.08	137.64	2.76	5.04
	Index-Linked					
6	Up to 5 years (2)	172.72	+0.04	172.65	0.64	1.83
7	Over 5 years (9)	153.55	+0.61	152.62	1.15	1.64
8	All stocks (11)	155.01	+0.52	154.20	1.07	1.65
9	Debs & Loans (63)	122.82	+0.03	122.79	2.38	4.82

	AVERAGE GROSS REDEMPTION YIELDS		Fri May 29	Thu May 28	Year ago (approx.)	1992 High		1992 Low	
	British Government								
1	Low	5 years	7.98	7.97	9.23	9.43	2/4	7.96	26/5
2	Coupons	15 years	8.81	8.81	9.84	9.72	1/4	8.81	28/5
3	(0%-7¾%)	20 years	8.81	8.81	9.98	9.72	1/4	8.81	28/5
4	Medium	5 years	9.07	9.08	10.37	10.28	1/4	9.07	22/5
5	Coupons	15 years	8.87	8.87	10.27	9.82	1/4	8.86	22/5
6	(8%-10¾%)	20 years	8.84	8.84	10.20	9.76	1/4	8.84	29/5
7	High	5 years	9.27	9.27	10.53	10.50	1/4	9.27	29/5
8	Coupons	15 years	9.01	9.01	10.44	9.96	1/4	9.00	22/5
9	(11%-)	20 years	8.95	8.95	10.32	9.86	1/4	8.95	22/5
10	Irredeemables	†	9.02	9.02	10.22	9.92	2/4	9.02	29/5
	Index-Linked								
11	Inflation rate 5%	Up to 5yrs.	3.97	3.96	4.13	4.14	2/1	3.52	4/3
12	Inflation rate 5%	Over 5 yrs.	4.31	4.34	4.22	4.60	6/4	4.27	17/2
13	Inflation rate 10%	Up to 5 yrs.	3.25	3.24	3.25	3.50	2/1	2.86	4/3
14	Inflation rate 10%	Over 5 yrs.	4.12	4.16	4.04	4.92	6/4	4.07	17/2
15	Debs &	5 years	10.38	10.38	11.88	11.51	6/4	10.38	26/5
16	Loans	15 years	10.12	10.12	11.65	11.22	6/4	10.12	28/5
17		25 years	10.03	10.03	11.45	11.02	6/4	10.03	29/5

‡Opening index 2703.8; 9 am 2696.0; 10 am 2700.7; 11 am 2700.5; Noon 2702.8; 1 pm 2702.7; 2 pm 2701.6; 2.30 pm 2701.8; 3 pm 2705.2; 4.10 pm 2705.3; (a) 4.25pm (b) 9.20am

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Business Services	31/12/90	999.65	Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electricity	31/12/90	999.65	Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Media	31/12/90	1228.68	Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Engineering - Aerospace	29/12/89	486.00	Health/Household Products	30/12/77	261.77	All Other	10/4/62	100.00
Engineering - General	29/12/89	486.00	Other Groups	31/12/74	63.75	British Government	31/12/75	100.00
Water	29/12/89	1968.45	Industrial Group	31/12/70	128.20	Do. Index-linked	30/4/82	100.00
Conglomerates	31/12/86	1114.07	Other Financial	31/12/70	128.06	Debs & Loans	31/12/77	100.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. Tel: 071-925 2323. CONSTITUENT CHANGES: DELETION: Mountleigh (69).

Court backs Continental voting rights restrictions

By David Waller in Frankfurt

HOSTILITIES between Continental, the German tyre company, and Pirelli, its Italian rival and former suitor, heated up yesterday after a court decision.

A Hanover court approved the German company's rules on voting rights, annulling a vote by shareholders on the issue last March. In common with a number of large German companies, Continental has a rule which limits voting rights per shareholder to 5 per cent of the total, no matter how big that shareholder's stake.

Pirelli, which was in merger talks with Continental for almost 18 months until negotiations broke down last December, said it would challenge the ruling, claiming that voting right restrictions such as those in place at Continental were "detrimental to the interests of all shareholders".

Pirelli said it believed that voting rights restrictions – in place at a number of large German companies – "in general negatively influence the value of shares".

The aggressive move comes shortly after it emerged that Pirelli, which owns 5 per cent of Continental and has options over a further 34 per cent of its shares, is launching another challenge to the rule. This will be voted on by Continental shareholders on July 3.

In the ruling yesterday, the court found that the outcome of last year's meeting was invalid, on the grounds that Pirelli should have disclosed at the meeting that it spoke for more than 25 per cent of Continental's shares.

At the special meeting last March, the motion calling for the the overthrow of the 5 per cent limit, which required a simple majority of more than 50 per cent, was backed by shareholders with 65.97 of the votes. However, the restriction has remained in place pending the courtroom appeal.

Speaking at the company's annual press conference last week, Mr Hubertus von Grünberg, Continental's chief executive, said the move from Pirelli to put the issue to shareholders again had to be seen as "hostile". Pirelli responded by saying the move was not hostile, but an attempt to clarify the value of its stake.

This resurfacing of hostilities comes despite the fact that Continental is holding friendly discussions with Pirelli, with a view to buying some of its non-tyre operations. It is hoping for the Italian company's support for a large rights issue announced earlier this month.

The companies have not ruled out the idea of a merger in two or three years, Mr von Grünberg said last week.

Analysts have suggested that the latest Pirelli move is, in essence, a negotiation tactic designed to put pressure on Continental amid discussions over Pirelli's non-tyre operations.

The situation is complicated by the fact that the Continental management is hoping for the support of Pirelli for its forthcoming rights issue – part of the proceeds of which may be used to buy businesses from Pirelli.

Top Finnish bank slips deeper into the red

By Robert Taylor in Stockholm

KANSALLIS-Osake-Pankki (KOP), Finland's largest commercial bank, has reported a loss of FM526.6m ($118.9m) for the first quarter of the year. It follows a deficit of FM1.64bn for 1991 and compares with a FM94.8m loss for the first three months of last year.

Mr Pertti Voutilainen, chief executive, said the bank was "working hard" to improve its performance but "no major change will be possible until economic growth gains momentum".

KOP's operating income went into the red in the first quarter, to FM180.4m, a 180 per cent fall from the FM224.2m profit in the same period of 1991. The bank wrote off FM728.2m on lending and guarantees in the first quarter of 1992, a 212 per cent increase on the FM233.6m write-off for the same period of last year. Equity per share fell by 18 per cent in the first quarter, to FM48.47 on 30 April, from FM59.07 for the same date last year.

"Despite the grim environment, KOP has managed to strengthen its capital structure," said Mr Voutilainen. The group's capital ratio is now 8.8 per cent calculated in accordance with the regulations of the Basle-based Bank for International Settlements.

Mr Voutilainen said KOP planned a 10 per cent cut in the bank's payroll, a shake-up of the management board, and an increasing focus on basic banking services through a reallocation of capital from real estate.

Bad year for Japanese carmakers

By Robert Thomson in Tokyo

JAPAN'S carmakers yesterday revealed the extent of the problems which have hit the industry during the past 12 months.

Fuji Heavy Industries announced a Y4bn ($30.9m) loss; Daihatsu Motor reported a 65 per cent plunge in pre-tax profit; and earnings for the year to the end of March at Nissan Motor were down 46.7 per cent.

Only Mitsubishi Motors reported a profit increase – a slim 0.6 per cent to Y50.5bn – and it forecast that profits would be flat this year, as domestic demand is expected to remain weak.

Nissan's Y87.8bn pre-tax profit was bolstered by a Y38.8bn gain from the sale of securities. It also reported extraordinary gains of Y46.6bn on the sale of Tokyo property to a subsidiary. (Executives say that deal will be reflected in consolidated accounts by increased borrowings.)

Nissan also reported a Y44.5bn extraordinary loss arising from the closure of its unprofitable Australian assembly operations, announced in February. From October, it will only export cars to Australia.

The cause of most companies' problems, however, was downturn in the domestic market. Passenger car registrations have been falling since the final quarter of 1990, just as makers' new production capacity came on line in expectation of rapid sales growth.

Nissan's sales for the period rose 2.3 per cent to Y4,270bn, though vehicle sales were down 1.5 per cent by volume, and domestic sales 3 per cent lower. Strongest growth was in automotive parts, with exports 26.3 per cent higher in line with increased production in the US and UK.

Mr Atsushi Muramatsu, Nissan's executive vice-president, said although domestic sales were "very slow", the UK-based European operations were "doing well". However, the company is forecasting a further sharp fall, to Y40bn, in pre-tax profits this year, and virtually unchanged sales.

The situation is more serious at Fuji Heavy, despite Nissan's request for it to produce 40,000 vehicles last year. Even including that order, unit sales were down 1.2 per cent and, by value, sales rose 9 per cent to Y823.9bn.

Fuji Heavy is forecasting a profit of Y4bn for the current year, ending a run of two consecutive losses. However, the forecast is based on an optimistic sales estimate of Y900bn, which appears to take for granted a strong recovery in the industry late this year.

Daihatsu, which has close links to Toyota Motor, is also in difficulty, having reported a 0.5 per cent fall in sales to Y783.4bn and a 4.4 per cent decline in sales by volume. The company is a specialist in mini-cars, sales of which have been hurt by tougher parking regulations in Japanese cities.

The company reported a loss of Y900m related to its decision to retreat from the US market and to concentrate on Europe. For the current year, Daihatsu forecast that profits will remain at around Y4.5bn on a 3.8 per cent increase in sales to Y820bn.

Mitsubishi Motors, following the successful release of a new range of recreational and luxury models, reported that its exports rose from 617,933 units to 644,161 units, and that total sales value rose by 10.4 per cent to Y2,554bn.

But even Mitsubishi, which has experienced strong growth despite the downturn, expects sales for the current year to be up by a modest 1.7 per cent.

Pinault's General plots his European assault

François Pinault talks to Alice Rawsthorn about expansion plans for his retail interests

Mr François Pinault has a habit of sprinkling his conversation with references to General "Stormin'" Norman Schwarzkopf, head of the allied forces in the Gulf war.

"Stormin'" Norman, Mr Pinault is quick to point out, won the war. Mr Pinault, who has already turned Pinault, his tiny timber business, into one of France's largest distribution groups, has every intention of winning too.

So far, Mr Pinault's campaign has been fought mainly on French soil, culminating late last year with his successful – if highly controversial – takeover of Au Printemps, one of France's best known retailing groups. Now he is casting his sights further afield; his main aim for the next few years will be to expand some of the Printemps' businesses – principally the La Redoute mail order business and Conforama chain of furniture stores – into the European market.

"Europe is our target," said Mr Pinault from the top floor of his headquarters in the swanky seventh arrondissement of Paris. "We have the right concepts and we have the right team. Our future lies in developing them in other countries."

Mr Pinault is well known in France, where he is seen as one of the most aggressive entrepreneurs. The French press brackets him with Mr Bernard Arnault, chairman of the LVMH luxury goods group, and Mr Vincent Bolloré, who heads the industrial company, Bolloré. They are self-made men who built their businesses through audacious acquisitions from outside the well-bred ranks of the business establishment.

Mr Pinault's early deals, in the early 1960s, were in the timber industry, where he built his original distribution business in Brittany. He diversified into wood importing, and then into retailing, with a network of shops selling first to the trade and later to consumers.

He came to prominence in France in 1987 by buying Chapelle Darblay, an ailing paper mill baled out by state subsidies. Three years later Mr Pinault turned a tidy profit by selling it. He then expanded further by buying Compagnie Française de l'Afrique Occidentale (CFAO), which had interests in everything from supermarkets to car dealerships.

The biggest deal was the FFr5.3bn ($970m) partial bid for Printemps, which showed Mr Pinault at his most pugilistic as he shrugged off protests from minority shareholders, furious at being excluded from his offer. The acquisition sparked an official review of France's takeover legislation, but Mr Pinault bagged his prey.

Printemps set the seal on Mr Pinault's strategy of turning his company from a collection of timber businesses, exposed to the cyclical construction sector, into what he calls a "multi-disciplinary distribution group".

Construction, he claims, is "too cyclical" and "too vulnerable to competition from Asia and eastern Europe". He says he feels more comfortable with a combination of higher margin activities in retailing and wholesale distribution, provided "you are present in enough different sectors to be protected against problems in individual markets".

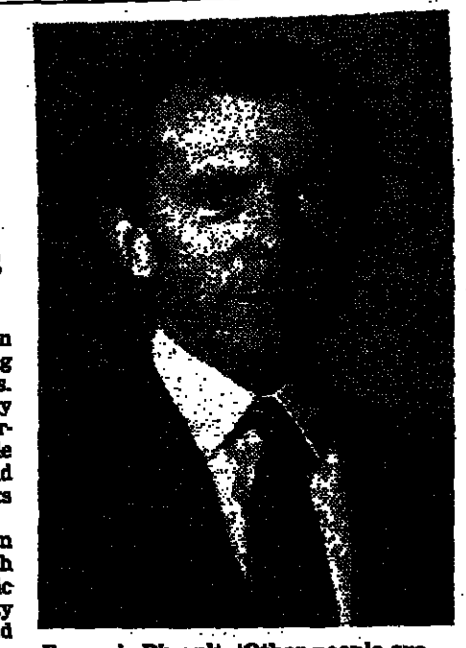
He has been left with a company with annualised sales of FFr70bn – about 30 per cent of which comes from outside France – and a workforce of 65,000. He has also been left with net debt of FFr17bn which, even Mr Pinault admits, must be reduced.

Debt reduction was under way two weeks ago with the sale of Pinault's original timber interests to Dapta-Malinjoud, the French DIY group. Mr Pinault says other sales are in the pipeline, although he will not specify which businesses are on the block. The likeliest candidates, however, are the manufacturing companies, which represent 20 per cent of sales and do not fit with the new focus on distribution.

Paris analysts are sanguine about Pinault's prospects of pulling off the disposals despite the depressed state of the construction market. Mr Philippe Bastin, distribution analyst at James Capel, has pencilled in a reduction in net debt to FFr14bn by the end of 1992 and FFr13bn a year later. He also forecasts net profits of FFr750m this year and FFr980m for 1993.

Mr Pinault is resigned to "a year of consolidation" before he pursues his plans for Conforama and La Redoute. He is also resigned to relinquishing his old role as a deal-maker to concentrate on organic growth. He has already made a number of management changes, including the appointment of Mr Jean-Paul Huchon, former head of Printemps, as group chief executive.

"Look at that," he says, waving at a bare desk. "There's nothing on it. Other people are running the business. Now it's up to them."



François Pinault: 'Other people are running the business'

Wal-Mart's Mexican plans extended

By Nikki Tait in New York

WAL-MART Stores, the fast-growing US retailer, is stepping up its Latin American expansion.

Wal-Mart, which now outsells the likes of Sears, Roebuck and K mart, said yesterday it would extend a previously-announced joint venture arrangement with Cifra, the largest Mexican retailer, to include Wal-Mart Supercenter combination stores, distribution centre operations, McLane wholesale operations and more Club Aurrera outlets.

The initial joint venture between the two companies, announced in July, concentrated on the development of wholesale clubs around Mexico City, under the Club Aurrera name. Wal-Mart is an important operator of warehouse clubs – which sell limited product ranges at rock-bottom prices to a membership customer base – in the US.

Wal-Mart says the first Mexican "Supercenter", where both general merchandise and food are sold, should open next year in Monterrey. Another six to eight Club Aurrera units should also open in the Mexico City area in 1992-1993.

Insurer tightens broker network

By Richard Lapper

JOHNSON & HIGGINS, the New York-based insurance broker, has announced a number of transactions designed to strengthen the UNISON network, which links more than a dozen independent brokers through exclusive co-operation deals.

J&H and the German UNISON partner, Jauch and Hubener, are to establish a joint venture holding company to be based in the Netherlands.

The new company will acquire a 25 per cent stake in AB Max Mathiessen, the Swedish partner in UNISON.

Separately, J&H and Jauch & Hubener are to buy a stake of between 10 and 12 per cent in Gras Savoye, the French partner.

J&H has 50 per cent stake in the Spanish broker, Gil y Carvajal.

The moves take place against a background of increasing competition among big international insurance brokers, especially in Europe, where companies are more likely to buy their insurance from brokers rather than directly from insurers.

J&H's main competitors have stepped up their European operations in recent months. In February, Marsh & McLennan acquired full control of its French subsidiary, Faugere et Jutheau.

Willis Corroon, which until the merger of Willis Faber and Corroon & Black in October 1990, was part of the UNISON network, has recently completed the acquisition of stakes in a number of small and medium-sized brokers.

Last year Aon Corporation, which owns the US broker, Rollins Burdick Hunter, acquired the Dutch broker, Hudig Langeveldt.

Mr David Olsen, chief executive of J&H, said he expected competition between the main international brokers to increase.

He said he ultimately envisaged room for only three genuinely international insurance brokers.

At least seven brokers – including Alexander & Alexander and Sedgwick, as well as Willis Corroon, Marsh, Aon and J&H – would lay claim to this status.

Reliance National recently announced its intention to sell a seventh international broker, Frank B. Hall.

CGE confirmed as new Potsdam studio owner

By Quentin Peel in Bonn

COMPAGNIE Générale des Eaux (CGE) has been confirmed as the successful bidder for the huge Universum-Film Babelsberg studios at Potsdam, outside Berlin. It beat Bertelsmann, the German media group.

The supervisory board of the Treuhand privatisation agency confirmed the sale, but declined to reveal the price. It said, however, it expected DM1bn ($600m) to be invested by CGE and its partners.

The 460,000 sq m site, which launched stars such as Marlene Dietrich and Greta Garbo, will be converted into a media and entertainment centre.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1992	Low 1992
Gold per troy oz.	$336.95	-0.75	$360.75	$403.25	$335.90
Silver Per troy oz	222.17p	-2.17	243.50p	280.55p	183.35p
Aluminium 99.7% (cash)	$1313.25	-7.25	$1246.0	$1570	$1082.5
Copper Grade A (cash)	£1215.5	-15.75	£1269.0	£1472	£1147.0
Lead(cash)	£288.0	+6.5	£316.5	£382.5	£279.00
Nickel (cash)	$7340.0	+2.5	$8170	$9237.5	$7090.0
Zinc SHG (cash)	$1442.5	+72.5	$1059	$1442.5	$990.25
Tin (cash)	$6250	+60	$5647	$6265.0	$5425.0
Cocoa Futures (Jul)	£541	-14	£629	£629	£541
Coffee Futures (Jul)	$728	-3	$543	$908	$676
Sugar (LDP Raw)	$247.9	+10.5	$200.8	$293	$194
Barley Futures (Sep)	£107.40	+0.1	£114.5	£122.95	£107.75
Wheat Futures (Jun)	£122.40	-1.60	£113.1	£141.10	£111.80
Cotton Outlook A Index	61.60c	+1.2	84.85c	86.25c	54.40c
Wool (64s Super)	424p		380p	480p	329p
Oil (Brent Blend)	$20.725x	+1.15	$19.375	$29.15	$16.75

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents lb. x-July.

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	$18.45-8.65	+.175
Brent Blend (dated)	$20.70-0.75	+.025
Brent Blend (Jul)	$20.65-0.70	+.025
W.T.I (1 pm est)	$21.95-2.00y	+.010
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$232-234	
Gas Oil	$184-185	
Heavy Fuel Oil	$83-85	
Naphtha	$190-192	
Petroleum Argus Estimates.		
Other		+ or -
Gold (per troy oz)♣	$336.95	-0.15
Silver (per troy oz)♣	407c	-1.0
Platinum (per troy oz)	$368.20	+0.05
Palladium (per troy oz)	$80.50	-4.75
Copper (US Producer)	105.25c	-0.04
Lead (US Producer)	37.00c	
Tin (Kuala Lumpur market)	15.53r	+0.10
Tin (New York)	292.5c	+1.0
Zinc (US Prime Western)	62c	
Cattle (live weight)†	109.10p	+1.02*
Sheep (live weight)†♠	95.11p	+17.0*
Pigs (live weight)†	88.89p	+2.39*
London daily sugar (raw)	$247.9t	-0.9
London daily sugar (white)	$293.5t	+0.5
Tate and Lyle export price	£244.5	-2.5
Barley (English feed)	Unq	
Maize (US No. 3 yellow)	£147.5	
Wheat (US Dark Northern)	£120w	
Rubber (Jul)♥	53.00p	-0.25
Rubber (Aug)♥	53.00p	-0.25
Rubber (KL RSS No 1 Jun)	219.0	
Coconut oil (Philippines)§	$610.0t	
Palm Oil (Malaysian)§	$365.0y	+5.0
Copra (Philippines)§	$415.0	+10.0
Soyabeans (US)	£148.0q	-1.0
Cotton "A" index	61.60c	+0.25
Wooltops (64s Super)	424p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. t-Jun/Jul y-July w-Apr z-May. q-May. †Meat Commission average fatstockprices. * change from a week ago ♥London physical. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg. ♠Sheep prices are now live weight prices.

SUGAR – London FOX ($ per tonne)				
Raw	Close	Previous	High/Low	
Aug	222.80	218.80	222.60	217.40
Oct	208.40	205.20	208.40	204.60
Dec	195.00	196.00	193.60	
May	199.00		196.20	
White	Close	Previous	High/Low	
Aug	286.00	282.90	288.00	282.10
Oct	271.00	267.50	269.00	268.00
Dec	271.00	267.50	268.00	

Turnover: Raw 159 (117) lots of 50 tonnes. White 828 (376)
Paris- White (FFr per tonne): Aug 1570.14 Oct 1481.90

CRUDE OIL* – IPE $/barrel	Latest	Previous	High/Low	
Jul	20.88	20.66	20.76	20.45
Aug	20.62	20.57	20.67	20.40
Sep	20.50	20.52	20.50	20.36
Nov	20.42	20.44	20.42	20.31
Dec	20.29	20.29	20.29	20.17
Mar	20.69	20.04	20.69	
IPE Index		20.69		

Turnover 15237 (17888)

GAS OIL – IPE $/tonne	Close	Previous	High/Low	
Jun	183.75	184.00	184.25	181.00
Jul	184.25	185.00	185.50	182.00
Aug	186.25	187.00	186.50	184.00
Sep	188.25	189.25	188.25	186.00
Oct	190.50	191.50	190.50	189.25
Nov	192.25	193.25	192.25	190.50
Dec	193.25	194.00	193.50	191.00
Jan	192.25	192.75	191.75	191.25
Feb	189.00		190.00	188.00

Turnover 12464 (8147)lots of 100 tonnes

SPICES
Producer prices for spices remained unchanged as European grinders maintained hand-to-mouth buying, reports Man Producten. But since prices for some varieties were at historically low levels, buyers were showing more interest in covering forward requirements. Vietnamese cassia, broken, was quoted at US$1,900 a tonne, cif, for June/July shipment, while Seychelles supplies were on offer at $1,350, cif, Europe and Madagascan cinnamom at FFr6.60 a kg, cif, for June/July shipment. Indonesian cassia prices were unchanged. Cloves, remain cheap, with spot Madagascan at $1,000 a tonne.

COCOA – London FOX £/tonne	Close	Previous	High/Low	
May	520	533	525	520
Jul	541	545	543	536
Sep	564	568	565	561
Dec	596	600	599	595
Mar	629	633	630	627
May	649	653	651	648
Jul	669	673	669	
Sep	692	693	692	690
Dec	717		717	
Mar	741		741	

Turnover: 2865 (2058) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for May 28 688.73 (686.32) 10 day average for May 29 709.48 (712.57)

COFFEE – London FOX $/tonne	Close	Previous	High/Low	
May	709	710	709	697
Jul	728	725	728	715
Sep	746	745	747	735
Nov	768	768	764	758
Jan	787	781	784	775
Mar	805	800	800	795
May	818		819	815

Turnover:1860 (2621) lots of 5 tonnes
ICO indicator prices (US cents per pound) for May 28: Comp. daily 49.28 (50.30) 15 day average 49.63 (48.45)

POTATOES – London FOX £/tonne	Close	Previous	High/Low	
Apr	94.8	99.0	98.5	94.1

Turnover 255 (143) lots of 20 tonnes.

SOYAMEAL – London FOX £/tonne	Close	Previous	High/Low	
Jun	124.50		124.50	
Aug	123.00	125.00	123.00	
Oct	128.00	129.50	128.00	127.00

Turnover 78 (100)lots of 20 tonnes.

FREIGHT – London FOX $10/index point	Close	Previous	High/Low	
Jun	1162	1178	1175	1145
Jul	1075	1095	1095	1075
Oct	1200	1200	1205	1190
Jan	1230	1225	1235	1220
BFI	1267	1272	1267	

Turnover 178 (117)

GRAINS – London FOX £/tonne	Close	Previous	High/Low	
Wheat	Close	Previous	High/Low	
Jun	122.40	121.40	122.60	122.00
Sep	110.15		110.15	110.00
Nov	113.60	113.35	113.60	
Mar	120.25	120.05	120.30	
Barley	Close	Previous	High/Low	
Sep	107.40	107.15		

Turnover: Wheat 125 (179), Barley - (55).
Turnover lots of 100 Tonnes.

PIGS – London FOX (Cash Settlement) p/kg	Close	Previous	High/Low	
Jun	116.5	116.0	116.3	116.0
Jul	111.9	109.5	110.3	110.0
Aug	102.0	101.0	101.8	101.0
Sep	107.0	107.0	105.8	104.5
Nov	107.0	107.0	106.0	105.5

Turnover:49 (31) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)					Total daily turnover 22,381 lots	
Cash	1313-3.5	1300-1	1304.5	1304.5-5		
3 months	1328-8.5	1325.5-6	1333/1328.5	1329-30	1328.5-9	160,545 lots
Copper, Grade A (£ per tonne)					Total daily turnover 17,989 lots	
Cash	1215-6	1233-4	1219/1215	1217.5-8		
3 months	1238-40	1255.5-6	1245/1239	1241.5-2	1238.5-9	102,326 lots
Lead (£ per tonne)					Total daily turnover 2,218 lots	
Cash	287.5-8.5	287-8	292	292-2.5		
3 months	300-300.5	299-300	303.5/296	303-3.5	300-0.5	16,443 lots
Nickel ($ per tonne)					Total daily turnover 3,359 lots	
Cash	7335-45	7330-5		7330-2		
3 months	7427-8	7415-8	7428/7415	7417-8	7420-5	22,823 lots
Tin ($ per tonne)					Total daily turnover 1,863 lots	
Cash	6245-55	6240-50		6240-5		
3 months	6275-80	6270-5	6310/6265	6265-70	6300-5	6,270 lots
Zinc, Special High Grade ($ per tonne)					Total daily turnover 22,939 lots	
Cash	1440-5	1418-23		1432-3		
3 months	1284-5	1278-9	1286/1270	1276-7	1285-6	63,050 lots

LME Closing £/$ rate:
SPOT: 1.8295 3 months: 1.8036 6 months: 1.7823 9 months: 1.7622

LONDON BULLION MARKET (Prices supplied by N M Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	336.80-337.10	
Opening	337.40-337.80	
Morning fix	337.35	184.959
Afternoon fix	337.50	184.598
Day's high	338.00-338.30	
Day's low	336.80-337.10	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	3.25	6 months	3.31
2 months	3.25	12 months	3.50
3 months	3.25		

Silver fix	p/fine oz	US cts equiv
Spot	222.50	405.75
3 months	228.05	409.75
6 months	233.40	413.80
12 months	244.15	423.85

GOLD COINS (Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	337.50-338.50	184.50-185.00
Maple leaf	348.00-349.00	190.25-190.75
New Sovereign	82.50-83.50	45.00-45.50

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Jul	Sep	Jul	Sep
1200	118	137	3	5
1300	31	61	14	28
1400	3	19	84	84
Copper (Grade A)	Calls		Puts	
2100	134	137	3	4
2200	44	59	8	24
2300	3	18	69	79
Coffee	Jul	Sep	Jul	Sep
700	38	61	10	15
750	12	32	34	36
800	3	16	75	70
Cocoa	Jul	Sep	Jul	Sep
525	22	48	6	9
550	8	32	17	18
575	3	20	37	31
Brent Crude	Jul	Aug	Jul	Aug
2000	64	80	10	29
2050	25	47	26	48
2100	10	31		

New York

GOLD 100 troy oz.; $/troy oz.	Close	Previous	High/Low	
Jun	336.4	337.0	337.9	336.1
Jul	337.4	338.0	0	0
Aug	338.4	339.0	339.8	338.1
Oct	340.2	340.8	341.5	341.3
Dec	342.3	342.9	343.7	342.0
Feb	344.5	345.2	0	0
Apr	346.7	347.5	0	0
Jun	349.2	350.0	0	0
Aug	351.9	352.7	0	0

PLATINUM 50 troy oz; $/troy oz.	Close	Previous	High/Low	
Jul	368.8	368.8	369.5	366.2
Oct	370.0	371.7	372.4	369.5
Jan	369.0	371.2	370.5	369.0
Apr	370.0	371.7	0	0

SILVER 5,000 troy oz; cents/troy oz.	Close	Previous	High/Low	
Jun	401.3	405.4	405.0	404.5
Jul	402.2	406.5	407.5	401.5
Aug	404.0	408.3	0	0
Sep	405.2	409.6	410.5	405.0
Dec	409.6	414.1	415.0	409.0
Jan	411.2	415.7	0	0
Mar	414.7	419.2	420.0	414.5
May	418.3	422.9	0	0
Jul	421.9	426.6	426.0	426.0
Sep	426.1	430.9	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs	Close	Previous	High/Low	
Jun	101.10	100.75	101.20	100.75
Jul	101.10	100.85	101.20	100.75
Aug	101.25	101.00	100.90	100.90
Sep	101.25	101.05	101.35	101.00
Oct	101.30	101.10	0	0
Nov	101.35	101.15	0	0
Dec	101.35	101.15	101.30	101.10
Jan	101.25	101.05	0	0
Feb	101.10	100.90	0	0
Mar	101.00	100.75	100.80	100.70

CRUDE OIL (Light) 42,000 US galls $/barrel	Latest	Previous	High/Low	
Jul	21.97	21.95	22.01	21.76
Aug	21.98	21.96	22.02	21.78
Sep	21.91	21.93	21.94	21.77
Oct	21.83	21.87	21.86	21.73
Nov	21.74	21.79	21.75	21.66
Dec	21.63	21.69	21.65	21.56
Jan	21.53	21.59	21.54	21.50
Feb	21.43	21.49	21.42	21.37

HEATING OIL 42,000 US galls, cents/US galls	Latest	Previous	High/Low	
Jun	6030	5996	6040	5950
Jul	6000	5995	6010	5945
Aug	6050	6051	6060	6005
Sep	6160	6163	6160	6120
Oct	6240	6253	6240	6200
Nov	6335	6338	6335	6295
Dec	6425	6423	6425	6375
Jan	6440	6443	6440	6420
Feb	6295	6323	6295	6295
Mar	6090	6088	6090	6080

COCOA 10 tonnes;$/tonnes	Close	Previous	High/Low	
Jul	864	851	868	856
Sep	909	895	912	902
Dec	964	948	964	956
Mar	1016	1000	1011	1007
May	1047	1031	0	0
Jul	1077	1061	1065	1065
Sep	1108	1090	1095	1095
Dec	1141	1125	0	0

COFFEE "C" 37,500lbs; cents/lbs	Close	Previous	High/Low	
Jul	63.30	62.56	63.30	61.55
Sep	65.30	64.55	65.35	63.70
Dec	67.95	67.15	67.95	66.60
Mar	70.40	69.65	70.20	69.40
May	75.15	74.35	75.25	73.50
Jul	77.20	76.50	77.20	76.00
Sep	78.60	77.75	78.60	78.60

SUGAR WORLD "11" 112,000 lbs; cents/lbs	Close	Previous	High/Low	
Jul	10.03	9.85	10.04	9.83
Oct	9.36	9.19	9.37	9.22
Mar	9.22	9.07	9.23	9.09
May	9.19	9.02	9.20	9.08
Jul	9.10	8.95	9.10	9.10
Oct	8.99	8.91	8.98	8.98

COTTON 50,000; cents/lbs	Close	Previous	High/Low	
Jul	58.04	59.83	58.78	57.80
Oct	59.50	61.13	60.15	59.40
Dec	59.92	61.60	60.40	59.60
Mar	61.25	61.90	0	0
May	61.78	61.42	61.75	61.75

ORANGE JUICE 15,000 lbs; cents/lbs	Close	Previous	High/Low	
Jul	132.30	132.35	133.60	131.00
Sep	125.25	125.85	126.20	124.75
Nov	117.90	118.25	119.00	117.25
Jan	116.70	117.15	117.25	116.00
Mar	116.00	116.15	116.05	115.80
May	115.50	115.60	0	0
Jul	115.50	115.60	0	0
Sep	115.50	115.60	0	0

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel	Close	Previous	High/Low	
Jul	614/0	609/4	617/4	606/0
Aug	618/0	606/6	620/4	610/0
Sep	619/6	611/2	625/2	614/4
Nov	627/2	617/6	631/0	620/4
Jan	634/0	624/4	636/0	629/0
Mar	642/4	634/0	645/4	636/0
May	648/4	637/0	650/0	643/4
Jul	650/4	640/4	654/0	647/0

SOYABEAN OIL 60,000 lbs; cents/lb	Close	Previous	High/Low	
Jul	21.29	20.86	21.42	20.85
Aug	21.46	21.02	21.53	21.04
Sep	21.67	21.22	21.77	21.25
Oct	21.78	21.34	21.85	21.50
Dec	22.07	21.63	22.17	21.65
Jan	22.16	21.73	22.27	21.91
Mar	22.38	21.97	22.50	22.20
May	22.60	22.20	0	0

SOYABEAN MEAL 100 tons; $/ton	Close	Previous	High/Low	
Jul	183.2	181.8	184.0	182.2
Aug	184.2	182.5	185.0	183.3
Sep	185.2	183.3	185.8	184.3
Oct	203.3	200.8	203.5	201.8
Dec	203.5	200.9	203.6	201.8
Jan	203.9	201.1	204.0	202.2
Mar	204.1	201.6	204.5	203.0
May	206.0	201.7	206.0	206.0

MAIZE 5,000 bu min; cents/56lb bushel	Close	Previous	High/Low	
Jul	259/4	257/0	261/4	258/0
Sep	264/0	260/6	264/6	261/4
Dec	267/0	263/0	268/0	265/0
Mar	274/6	271/0	275/2	272/0
May	277/6	274/4	278/2	276/4
Jul	282/0	279/0	282/0	279/4
Sep	269/0	269/4	270/4	269/0
Dec	266/0	268/0	267/0	264/6

WHEAT 5,000 bu min; cents/60lb-bushel	Close	Previous	High/Low	
Jul	349/4	351/6	355/4	348/0
Sep	354/2	356/4	359/6	353/0
Dec	362/2	364/2	368/0	361/4
Mar	362/6	364/4	367/6	362/4
May	352/0	353/0	355/0	352/0
Jul	336/0	334/4	337/4	333/0
Sep	343/0	341/4	0	0

LIVE CATTLE 40,000 lbs; cents/lbs	Close	Previous	High/Low	
Jun	71.925	71.825	72.075	71.700
Aug	69.475	69.225	69.700	69.250
Oct	68.900	68.825	69.000	68.550
Dec	68.600	68.375	68.725	68.300
Feb	68.400	68.175	68.650	68.150
Apr	69.650	69.600	69.900	69.625
Jun	67.325	67.100	67.600	67.125

LIVE HOGS 40,000 lb; cents/lbs	Close	Previous	High/Low	
Jun	46.950	47.175	47.300	46.850
Jul	45.000	45.050	45.325	44.800
Aug	42.525	42.775	42.825	42.475
Oct	39.450	39.425	39.550	39.125
Dec	42.375	42.325	42.600	42.100
Feb	43.600	43.625	43.825	43.600
Apr	42.500	42.350	42.825	42.200
Jun	47.225	47.150	47.300	0

PORK BELLIES 40,000 lbs; cents/lb	Close	Previous	High/Low	
Jul	32.275	32.625	32.825	32.100
Aug	30.300	30.600	30.800	30.100
Feb	43.600	33.475	43.850	43.350
Mar	42.625	42.600	43.100	42.625
May	43.900	45.100	45.000	43.900

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar faces difficult session

AFTER A catastrophic overnight session, the dollar began to pick up in early European trading.

Trader's said the dollar's collapse in Asian operations had been sparked by a combination of weak money supply data, heavy selling by a big US trader, intervention by the Bank of Japan and a host of stop-loss sales.

The slide in the M2 measure of the money supply disappointed expectations of a $3.7bn drop. Instead M2 fell $7.4bn to put annual growth at 2.3 per cent, below the Federal Reserve's target range of 2.5 to 6.5 per cent.

There was slightly better news for the dollar around mid-day when revised GDP data was released, showing that GDP growth in the first quarter was 2.4 per cent rather than 2 per cent.

That marks the best quarterly growth in three years and contrasts sharply with 0.4 per cent growth in the fourth quarter of 1991. However, the revision was not as good as some had hoped and and failed to persuade dollar-bulls to hang on to the US currency.

In late trading, as more decided to cut their losses and sell, the dollar tested support below DM1.6050. By the close it had sunk to DM1.6070 after a DM1.6265 London close on Thursday and to Y127.70 from Y128.33.

In early US operations the dollar bounced off its lows, but was still down half a pfennig on the D-mark and down half a yen on the Japanese currency.

Trading of European currencies was fairly quiet as many dealers extended Thursday's Ascension day holiday into the weekend. Often a beneficiary of dollar weakness, the D-mark was inert yesterday, ending steady in the EMS grid.

The escudo stayed firmly at the top of the grid at 5.9 per cent above the weakest currency, still the Danish crown.

The Swiss franc lost a little ground after its spectacular recovery during the week, but still closed firmer than on Wednesday.

Traders reported solid, broad-based buying. This partly reflected recent rises in Swiss market interest rates and partly the unwinding of a big dollar/Swiss position by a big US operator.

The Swiss currency continued to benefit from comments made on Wednesday by Mr Markus Lusser, the Swiss national bank president. He said he would like to see the currency strengthen.

The D-mark was quoted at 90.78 centimes, up from 90.54 at the opening but below Wednesday's final 91.15 centimes.

Sterling was side lined in the three-way battle between the dollar, D-mark and yen but remained static on the D-mark and firm on the dollar.

£ IN NEW YORK

May 29	Latest	Previous Close
£ Spot	1.8295-1.8305	1.8045-1.8055
1 month	0.93-0.91pm	0.91-0.89pm
3 months	2.72-2.70pm	2.69-2.66pm
12 months	8.90-8.80pm	8.68-8.58pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	May 29	Previous
8.30 am	92.8	92.5
9.00 am	92.8	92.5
10.00 am	92.7	92.5
11.00 am	92.8	92.5
Noon	92.7	92.5
1.00 pm	92.8	92.6
2.00 pm	92.8	92.5
3.00 pm	92.8	92.5
4.00 pm	92.9	92.6

CURRENCY RATES

May 29	Bank § rate %	Special * Drawing Rights	European † Currency Unit
Sterling	-	0.770228	0.699798
U.S Dollar	3.50	1.38718	1.27608
Canadian $	6.62	1.67003	1.53742
Austrian Sch	7.50	N/A	14.4695
Belgian Franc	8.50	N/A	42.3021
Danish Krone	9.50	N/A	7.91171
D-Mark	8.00	N/A	2.05602
Dutch Guilder	8.50	N/A	2.31558
French Franc	10¼	N/A	6.90297
Italian Lira	12	1703.91	1548.53
Japanese Yen	3.75	180.195	163.658
Norway Krone	-	N/A	8.01316
Spanish Peseta	-	141.043	128.162
Swedish Krona	10.00	N/A	7.40319
Swiss Franc	7.00	N/A	1.86436
Greek Drach	19	N/A	245.773
Irish Punt	-	N/A	0.768678

§ Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland.
† European Commission Calculations.
* All SDR rates are for May 28

CURRENCY MOVEMENTS

May 29	Bank of England Index	Morgan** Guaranty Changes %
Sterling	92.9	-19.2
U.S Dollar	63.1	-14.5
Canadian Dollar	98.8	-2.7
Austrian Schilling	110.0	+12.0
Belgian Franc	111.3	-2.2
Danish Kroner	109.5	+3.2
D-Mark	118.3	+24.5
Swiss Franc	106.1	+14.0
Dutch Guilder	114.2	+15.8
French Franc	104.6	-11.8
Lira	98.4	-20.3
Yen	142.3	+75.7
Peseta	108.3	-17.9

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for May 28

OTHER CURRENCIES

*Floating rate. Iran Official rate £118.30 $66.10

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.8290	1.8199	1.8022	1.7784	1.7417
D-mark	2.9400	2.9396	2.9395	2.9392	2.9385
French Fr.	9.8675	9.8660	9.8620	9.8595	9.8555
Swiss Fr.	2.6650	2.6644	2.6622	2.6560	2.6432
Yen	233.50	232.50	230.50	227.60	222.45

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu May 29	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Portuguese Escudo	178.735	170.242	-4.75	5.92	78
Spanish Peseta	133.631	128.162	-4.09	5.19	70
Belgian Franc	42.4032	42.3021	-0.24	1.13	15
Dutch Guilder	2.31643	2.31558	-0.04	0.93	6
D-Mark	2.05586	2.05602	0.01	0.88	5
French Franc	6.89509	6.90297	0.11	0.77	-2
Irish Punt	0.767417	0.768678	0.16	0.72	-4
Sterling	0.696904	0.699798	0.42	0.47	-10
Italian Lira	1538.24	1548.53	0.67	0.22	-29
Danish Krone	7.84195	7.91171	0.89	0.00	-37

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

May 29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.8210 - 1.8310	1.8285 - 1.8295	0.92-0.90cpm	5.97	2.70-2.67pm	5.87
Canada	2.1900 - 2.2060	2.2045 - 2.2055	0.76-0.68cpm	3.92	1.48-1.41pm	2.62
Netherlands	3.3025 - 3.3125	3.3025 - 3.3125	¼-parcpm	0.45	½-¼pm	0.45
Belgium	60.30 - 60.55	60.40 - 60.50	4-1cpm	0.50	9-4pm	0.43
Denmark	11.2950 - 11.3150	11.3025 - 11.3125	⅝-½oredis	-0.46	par-1¼dis	-0.20
Ireland	1.0970 - 1.0995	1.0970 - 1.0980	par-0.04pm	0.22	0.01-0.06pm	0.16
Germany	2.9350 - 2.9425	2.9375 - 2.9425	⅛-parpfpm	0.26	¼-parpm	0.09
Portugal	242.65 - 243.85	242.75 - 243.75	95-133cdis	-5.62	266-322dis	-4.83
Spain	182.85 - 183.40	182.95 - 183.25	30-40cdis	-2.29	99-115dis	-2.34
Italy	2209.75 - 2214.25	2212.25 - 2213.25	3-5liredis	-2.17	12-14dis	-2.35
Norway	11.4400 - 11.4575	11.4450 - 11.4550	par-¼oredis	-0.39	⅞-3dis	-0.59
France	9.8525 - 9.8750	9.8625 - 9.8725	⅛-¼cdis	-0.23	par-⅜dis	-0.08
Sweden	10.5700 - 10.5875	10.5750 - 10.5850	⅝-1⅛oredis	-1.06	2⅞-3⅝dis	-1.21
Japan	233.00 - 234.25	233.00 - 234.00	1⅛-1ypm	5.46	3⅛-3pm	5.25
Austria	20.63 - 20.70	20.66 - 20.69	1½-¼gropm	0.47	3¼-¼pm	0.39
Switzerland	2.6575 - 2.6700	2.6600 - 2.6700	⅛-parcpm	0.28	½-¼pm	0.56
Ecu	1.4275 - 1.4310	1.4290 - 1.4300	par-0.05cpm	0.21	0.07-0.17dis	-0.34

Commercial rates taken towards the end of London trading. Six-month forward dollar 5.09-5.04pm . 12 Month 8.78-8.68pm

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

May 29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8210 - 1.8310	1.8285 - 1.8295	0.92-0.90cpm	5.97	2.70-2.67pm	5.87
Ireland†	1.6570 - 1.6650	1.6640 - 1.6650	0.81-0.78cpm	5.73	2.42-2.35pm	5.73
Canada	1.2015 - 1.2065	1.2040 - 1.2050	0.20-0.23cdis	-2.14	0.58-0.63dis	-2.01
Netherlands	1.8050 - 1.8190	1.8080 - 1.8090	0.84-0.87cdis	-5.67	2.56-2.59dis	-5.70
Belgium	33.00 - 33.55	33.00 - 33.10	15.00-16.00cdis	-5.63	44.00-48.00dis	-5.57
Denmark	6.1700 - 6.2100	6.1800 - 6.1850	3.00-3.30oredis	-6.11	9.35-9.95dis	-6.24
Germany	1.6020 - 1.6145	1.6065 - 1.6075	0.78-0.79pfdis	-5.86	2.35-2.38dis	-5.89
Portugal	132.90 - 133.45	132.95 - 133.05	123-130cdis	-11.41	355-375dis	-10.98
Spain	100.00 - 100.65	100.00 - 100.10	69-72cdis	-8.46	213-220dis	-8.66
Italy	1206.00 - 1214.75	1209.50 - 1210.00	8.00-8.50liredis	-8.18	24.60-25.60dis	-8.30
Norway	6.2550 - 6.2900	6.2575 - 6.2625	3.20-3.50oredis	-6.42	9.70-10.20dis	-6.36
France	5.3825 - 5.4175	5.3925 - 5.3975	2.70-2.75cdis	-6.06	8.20-8.30dis	-6.12
Sweden	5.7725 - 5.8125	5.7825 - 5.7875	3.35-3.60oredis	-7.21	10.40-10.85dis	-7.35
Japan	127.50 - 128.35	127.65 - 127.75	0.07-0.08ydis	-0.70	0.21-0.23dis	-0.69
Austria	11.3025 - 11.3450	11.3175 - 11.3225	5.25-5.60grodis	-5.75	15.70-16.70dis	-5.72
Switzerland	1.4500 - 1.4650	1.4570 - 1.4580	0.68-0.71cdis	-5.72	1.99-2.03dis	-5.52
Ecu	1.2725 - 1.2820	1.2800 - 1.2810	0.66-0.64cpm	6.09	1.99-2.03pm	6.28

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

May 29	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	10⅛ - 9⅞	10⅛ - 9⅞	10⅛ - 10	10⅛ - 10	10⅛ - 9¾	10 - 9⅞
US Dollar	4 - 3⅞	4 - 3⅞	4 - 3⅞	4⅛ - 3⅞	4⅜ - 4¼	4¾ - 4⅝
Can. Dollar	6 - 5¾	6⅛ - 5⅞	6⅛ - 5⅞	6⅛ - 6	6¼ - 6⅛	6⅝ - 6½
Dutch Guilder	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9½ - 9⅜	9⅜ - 9¼
Swiss Franc	10 - 9¾	9¾ - 9⅝	9¾ - 9⅝	9¼ - 9⅛	9⅛ - 9	8⅝ - 8½
D-Mark	9¾ - 9⅝	9¾ - 9⅝	9¾ - 9⅝	9¾ - 9⅝	9¾ - 9⅝	9⅝ - 9½
French Franc	9⅞ - 9¾	9⅞ - 9¾	9⅞ - 9¾	9⅞ - 9¾	9⅞ - 9¾	9⅞ - 9¾

EXCHANGE CROSS RATES

May 29	£	$	DM	YEN	F Fr.	S Fr.	H FL	Lira	C$	B Fr.	Pta.	Ecu
£	1	1.829	2.940	233.5	9.867	2.665	3.307	2213	2.205	60.45	183.1	1.429
$	0.547	1	1.607	127.7	5.395	1.457	1.808	1210	1.206	33.05	100.1	0.781
DM	0.340	0.622	1	79.42	3.356	0.906	1.125	752.7	0.750	20.56	62.28	0.486
YEN	4.283	7.833	12.59	1000.	42.26	11.41	14.16	9478	9.443	258.9	784.2	6.120
F Fr.	1.013	1.854	2.980	236.6	10.	2.701	3.352	2243	2.235	61.26	185.6	1.448
S Fr.	0.375	0.686	1.103	87.62	3.702	1	1.241	830.4	0.827	22.68	68.71	0.536
H FL	0.302	0.553	0.889	70.61	2.984	0.806	1	669.2	0.667	18.28	55.37	0.432
Lira	0.452	0.826	1.329	105.5	4.459	1.204	1.494	1000.	0.996	27.32	82.74	0.646
C$	0.454	0.829	1.333	105.9	4.475	1.209	1.500.	1004	1	27.41	83.04	0.648
B Fr.	1.654	3.026	4.864	386.3	16.32	4.409	5.471	3661	3.648	100.	302.9	2.364
Pta	0.546	0.999	1.606	127.5	5.389	1.455	1.806	1209	1.204	93.01	100.	0.780
Ecu	0.700	1.280	2.057	163.4	6.905	1.865	2.314	1549	1.543	42.30	128.1	1.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100: Peseta per 100.

FINANCIAL FUTURES AND OPTIONS

Estimated volume 10934 (6114)
Previous day's open int. 44123 (44334)

* Contracts traded on APT. Closing prices shown.

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls September	Calls December	Calls March	Puts September	Puts December	Puts March
106	-	-	-	0.07	-	-
107	-	-	-	0.17	-	-
108	1.36	-	-	0.37	-	-
109	0.75	1.23	-	-	1.05	-
110	0.36	-	-	-	-	-
111	0.15	0.48	-	-	-	-
Open Int	55,677	15,034	-	46,276	18,428	-

Estimated volume 10,785 Total Open Interest 135,415

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.8290	1.8199	1.8022	1.7784	1.7417

BANK RETURN

BANKING DEPARTMENT	Wednesday May 27 1992	Increase or decrease for week
LIABILITIES	£	£
Capital	14,553,000	
Public Deposits	105,707,839	+ 2,926,751
Bankers Deposits	1,573,265,728	- 172,282,351
Reserve and other Accounts	3,735,420,131	- 154,448,249
	5,428,946,698	- 323,803,849
ASSETS		
Government Securities	1,581,351,175	+ 112,815,000
Advance and other Accounts	2,863,370,831	- 177,517,461
Premises Equipment & other Secs	975,769,819	- 263,276,667
Notes	8,257,605	+ 4,152,559
Coin	197,268	+ 22,720
	5,428,946,698	- 323,803,849
ISSUE DEPARTMENT		
LIABILITIES		
Notes in circulation	16,241,742,395	+ 215,847,441
Notes in Banking Department	8,257,605	+ 4,152,559
	16,250,000,000	+ 220,000,000
ASSETS		
Government Debt	11,015,100	
Other Government Securities	8,363,397,115	- 1,231,145,368
Other Securities	7,875,587,785	+ 1,451,145,368
	16,250,000,000	+ 220,000,000

MONEY MARKETS

Rates unchanged

THE UK money market bustled yesterday after the Bank of England forecast the biggest liquidity shortage of the year, but with sentiment unchanged, period rates barely moved.

"The undertone is good in the market," said one dealer. "It still feels that the next move in base rates will be down but that progress is going to be slow."

Cash rates for one month and three month money eased slightly. The three month interbank rate closed at 10⅛ per cent, after Thursday's close of 10⅛ per cent.

Six month money was unchanged at 10 per cent as was one year money which closed at 9⅞ per cent.

The Bank of England's initial forecast of the day's liquidity shortage was £2.6bn - already twice the size of Thursday's shortage. This was then revised to £2.9bn - the biggest shortage of the year, although not quite an all time record. According to the Bank of England, there were shortages of £3bn on a number of occasions last year.

Traders said explanations for the size of the shortages were mainly technical. Shortages, generated by the Bank's gilts funding programme, had accumulated, pressured further by the loss of Monday's operations because of the bank holiday.

In the early round the Bank bought bills totalling £953m followed later with a purchase of £494m of bills. This still left a rump of £1.65bn to be removed and the overnight rate firmed to 10¼ per cent from an earlier 9¾ per cent.

In the afternoon the Bank bought bills worth £798m across the bands. Late assistance of £590 took total interventions of the day to £2.8bn, all but taking out the shortage.

Overnight rates fluctuated between a low of 9½ per cent and a high of 15 per cent.

Trading was thin on the sterling futures market. The September contract traded in a four tick range closing unchanged on the day at 90.36. The June contract drifted down to 90.02, also unchanged from the previous close.

German call money rates firmed to just below the Bundesbank's 9.75 per cent Lombard rate due mainly to end of the month technical factors.

Traders quoted call money at 9.65 per cent, up from 9.55 per cent on Wednesday.

UK clearing bank base lending rate 10 per cent from May 5, 1992

FT LONDON INTERBANK FIXING

11.00 a.m. May 29 3 months US dollars		6 months US Dollars	
bid 3⅞	offer 4⅛	bid 4⅛	offer 4¼

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Treasury Bills and Bonds

Lunchtime					
Prime rate	6½	One month	3.01	Three year	5.79
Broker loan rate	6	Two month	3.47	Five year	6.67
Fed.funds	3¾	Three month	3.77	Seven year	7.02
Fed funds at intervention	-	Six month	3.97	10-year	7.37
		One year	4.28	30-year	7.87
		Two year	5.24		

May 29	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	9.60-9.75	9.60-9.75	9.60-9.75	9.65-9.75	9.65-9.75	9.75
Paris	9⅞-9⅞	9⅞-9⅞	9⅞-9⅞	9⅞-9⅞	9¾-9⅞	9.60
Zurich	8⅞-9¼	9¼-9½	-	9¼-9⅜	-	-
Amsterdam	9.31-9.38	9.47-9.54	-	9.48-9.55	-	-
Tokyo	4⅞-4⅞	4⅞-4¾	-	4¾-4⅞	-	-
Milan	12¼-12½	12½-12⅝	-	12½-12⅝	-	-
Brussels	9⅞-9⅞	9⅞-9⅞	-	9⅞-9⅞	-	-
Dublin	9¾-9¾	9⅞-10⅛	9⅞-10⅛	9⅞-10⅛	9⅞-10⅛	-

LONDON MONEY RATES

May 29	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	15	10½	10⅛	10⅛	10⅛	9⅞
Interbank Bid	9½	10	10	10	9⅞	9⅞
Sterling CDs	-	-	10⅛	9⅞	9⅞	9⅞
Local Authority Deps.	9⅞	9⅞	9⅞	9⅞	9⅞	9⅞
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	11¼	10¼	-	-	-	-
Company Deposits	-	-	10⅛	9⅞	9⅞	9⅞
Finance House Deposits	-	-	10⅛	10⅛	10	9⅞
Treasury Bills (Buy)	-	-	9⅞	9⅞	9¾	-
Bank Bills (Buy)	-	-	9⅞	9⅞	9¾	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	-	-	3.86	3.89	4.01	4.45
SDR Linked Dep Offer	-	-	6¼	6⅜	6⅜	6½
SDR Linked Dep. Bid	-	-	6⅛	6⅛	6¼	6⅜
ECU Linked Dep. Offer	-	-	10⅛	[illegible]	[illegible]	[illegible]
ECU Linked Dep. Bid	-	-	10⅛	[illegible]	[illegible]	[illegible]

Treasury Bills (sell); one-month 9⅞ per cent; three months 9⅞ per cent; six months 9⅞ per cent; Bank Bills (sell): one-month 9⅞ per cent; three months 9⅞ per cent; Treasury Bills; Average tender rate of discount 9.4279 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day May 29 ,1992 . Agreed rates for period June 24, 1992 to July 225 , 1992, Scheme I: 11.34 p.c., Schemes II & III: 11.35 p.c. Reference rate for period May 1, 1992 to May 29 , 1992, Scheme IV&V, 10.122 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 10½ from June 1 , 1992: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 7 per cent; one-three months 9½ per cent; three-six months 9 per cent; six-nine months 9 per cent; nine-twelve months 9 per cent; Under £100,000 7 per cent from Sept 5,1991 ; Deposits withdrawn for cash 5 per cent.

BASE LENDING RATES

	%		%		%
Adam & Company	10	Credit Lyonnais	10	McDonnell Douglas Bnk.	10
Allied Trust Bank	10	Cyprus Popular Bk	10	Midland Bank	10
AIB Bank	10	Duncan Lawrie	10	Mount Banking	10
● Henry Ansbacher	10	Equatorial Bank plc	10	NatWestminster	10
B & C Merchant Bank	*10.5*	*Exeter Bank Limited*	*10.5*	*Northern Bank Ltd*	*10*
Bank of Baroda	10	Financial & Gen. Bank	10	Nykredit Mortgage Bank	11
Banco Bilbao Vizcaya	10	First National Bank Plc.	14	Provincial Bank PLC	14
Bank of Cyprus	10	● Robert Fleming & Co.	10	● Rea Brothers	10
Bank of Ireland	10	Robert Fraser & Ptnrs.	10.5	Roxburghe Bank Ltd.	11.5
Bank of India	10	Girobank	10	Royal Bk of Scotland	10
Bank of Scotland	10	● Guinness Mahon	10	● Smith & Williman Secs.	10
Banque Belge Ltd	*10*	● *Hambros Bank*	*10*	*Standard Chartered*	*10*
Barclays Bank	10	Hampshire Trust Plc	13.5	TSB	10
Benchmark Bank	11	Heritable & Gen Inv Bnk.	10	Unibank plc	10
Brit Bk of Mid East	10	● Hill Samuel	10	● United Bk of Kuwait	10
● Brown Shipley	10	C. Hoare & Co.	10	Unity Trust Bank Plc	10
CL Bank Nederland	10	Hongkong & Shanghai	10	Western Trust	10
Citibank NA	10	Julian Hodge Bank	10	Westpac Bank Corp.	10
City Merchants Bank	10	● *Leopold Joseph & Sons*	*10*	*Whiteaway Laidlaw*	*10*
Clydesdale Bank	10	Lloyds Bank	10	Yorkshire Bank	10
Co-operative Bank	*10*	*Meghraj Bank Ltd*	*10*		
Coutts & Co	10				

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

Co-operative Bank
PO Box 300, Skelmersdale, Lancs 0800 616162
TESSA
TESSA 10.00 - - Yearly
Investment 90 - 90 Day Notice Savings
£50,000+ 10.25 7.69 10.51 6-Mth

NOTES– Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. Compounded Annual Rate. Int Cr: Frequency at which interest is credited to the account.

MONTHLY AVERAGES OF STOCK INDICES

	May	April	March	February
Financial Times				
Government Securities	89.05	87.42	86.61	88.27
Fixed Interest	104.39	101.15	98.83	101.17
Ordinary	2123.5	1983.9	1946.1	1974.9
Gold Mines	110.8	113.0	123.63	137.9
SEAQ Bargains(5.00pm)	31,540	35,856	30,512	30,694
F.T.-Actuaries				
Industrial Group	1406.22	1318.88	1285.54	1302.61
500 Share	1476.08	1387.84	1354.07	1374.45
Financial Group	784.48	701.63	700.75	720.37
All-Share	1310.73	1225.16	1199.04	1218.70
FT-SE 100	2702.3	2549.4	2495.2	2543.3
FT-SE Eurotrack 100	1186.95	1159.90	1155.69	1145.38

	Highest May close	Lowest May close
Ordinary	2149.7 (22nd)	2081.7 (1st)
All-Share	1326.36 (11th)	1286.55 (1st)
FT-SE 100	2737.80 (11th)	2659.8 (1st)
FT-SE Eurotrack 100	1189.56 (29th)	1175.00 (1st)

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

British Funds, etc
No. of bargains included 1699

Exchequer 10½% Stk 2005 – £112¼ (27My92)
Guaranteed Export Finance Corp PLC 11¾% Gtd Nts 1994 (Br – £102¼ (26My92)
12¾% Gtd Ln Stk 2002(Reg) – £122¼ (27My92)

Corporation and County Stocks
No. of bargains included 1

Leeds(City of) 13½% Red Stk 2006 – £125¼ (22My92)
Manchester(City of) 11.5% Red Stk 2007 – £111¾ (27My92)
Manchester Corp 4% Cons Irrd Stk – £33
Sunderland(Borough of) 11¾% Red Stk 2008 – £111 (26My92)

UK Public Boards
No. of bargains included 7

Agricultural Mortgage Corp PLC 5½% Deb Stk 93/95 – £87
6¾% Deb Stk 92/94 – £92½ 3
7¾% Deb Stk 91/93 – £92
10¼% Deb Stk 92/95 – £99 ½
Tees and Hartlepools Port Authority 5½% Red Deb Stk 94/99 – £100♦

Foreign Stocks, Bonds, etc–(coupons payable in London)
No. of bargains included 137

Spain(Govt of) 4%(Sealed Bds) – £40 2 (22My92)
A.M.P.(U.K.) PLC 13% Bds 2015 (Br £5000&100000) – £124½ ⅝ (27My92)
Abbey National PLC 11⅝% Nts 1995 (Br£1000,10000&100000) – £101¾ (26My92)
Abbey National Sterling Capital PLC 10⅝% Subord Gtd Bds 2002 (Br £ Var) – £103¾ ½ ¾ (22My92)
11½% Subord Gtd Bds 2017 – £111⅞
Abbey National Treasury Servs PLC 10¼% Gtd Nts 1997 (Br £Var) – £103.3 (27My92)

National & Provincial Building Soc 10% Nts 1997 (Br £Var) – £100¼
National Westminster Bank PLC 11¾% Subord Nts 2001 (Br £Var) – £108¼♦
Nationwide Building Society 13.5% Subord Nts 2000 (Br £10000) – £114¾
13¾% Nts 1994 (Br£5000&100000) – £105¾
9¾% Bds 1995 – £100.6 (27My92)
Nippon Telegraph and Telephone Corp 10¾% Bds 2001 (Br £1000&10000) – £108¾ (22My92)
Norway (Kingdom of) 7% Nts 1996 (Br $5000&100000) – $100.95 1.2 (26My92)
Oesterreichische Kontrollbank AG 12% Gtd Nts 1992 – £100¼

[illegible]

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Equities end week with strong gains

By Steve Thompson

UK SHARE prices were in fine form as the long three-week trading account drew to a close, with another record breaking performance by Wall Street the driving force behind the London market.

The FT-SE 100 share index ended comfortably above the 2,700 level, closing a net 13.4 higher at 2,707.6.

The buoyant showing by *Wall Street, said to have* reflected expectations that the Federal Reserve may consider easing its monetary stance, countered a series of setbacks for London over the week.

These included exceptionally poor trade figures for April, showing the UK's worst deficit since 1990. Among other bearish developments were disappointing company statements and news that receivers had *been called into Mountleigh*, one of the Britain's biggest property groups. The week's most devastating news was that Canary Wharf is being put into administration.

Much of the early trading in was dominated by technical factors, notably the expiry of the the May FT-SE option. The Footsie future also played a big *part during initial trading* when the future moved to a *good premium to fair value.*

The Footsie opened strongly, up almost 10 points, on the back of buying stimulated by Wall Street's record close overnight and a firm performance by Tokyo. However, early buying quickly ran out of steam and the index dipped off as index arbitrageurs moved in to sell the underlying stocks.

Thereafter selective buying interest took the Footsie progressively higher with the firm opening of Wall Street the trigger for a late flourish of support for UK equities.

One of the features of trading was the continued switching out of cyclical stocks, such as building materials and engineering, into the safer more *defensive areas of the market,* such as the pharmaceuticals *and utilities sectors.*

The retailing sector was viewed by many as possibly running ahead of the growth in consumer spending.

Cadbury-Schweppes and Allied Lyons were busy as the market began to focus on news that the proposed buy-back of stock by Philip Morris, the US tobacco group, sharply reduced *the chances of it bidding for* either company.

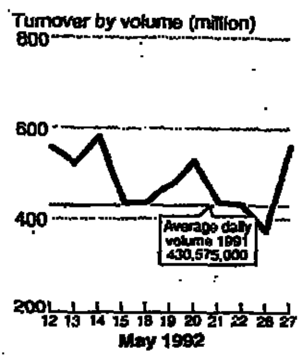
The best performance among the Footsie constituents came from Arjo Wiggins, said to have been oversold in recent weeks, while Pilkington took the wooden spoon as the worst performer, followed by Blue Circle.

● Customer, or retail business, *picked up after a poor start to* the week, stimulated by a large programme trade and a share placing.

Account Dealing Dates		
*First Dealings:		
May 11	Jun 1	Jun 15
Option Declarations:		
May 28	Jun 11	Jun 25
Last Dealings:		
May 29	Jun 12	Jun 26
Account Day:		
Jun 8	Jun 22	Jul 6

*New-time dealings may take place from 8.30 am two business days earlier.

London SE volume



FINANCIAL TIMES STOCK INDICES

	May 29	May 28	May 27	May 26	May 22	Year Ago	1992 High	1992 Low	Since Compilation High	Since Compilation Low
Government Secs	89.56	89.58	89.56	89.54	89.58	84.18	89.58 (22/5)	85.11 (1/4)	127.40 (9/1/35)	49.18 (3/1/75)
Fixed Interest	105.62	105.53	105.48	105.43	105.39	93.60	105.62 (29/5)	97.15 (2/1)	105.62 (29/5/92)	50.53 (3/1/75)
Ordinary Share ●	2114.1	2109.2	2120.4	2133.4	2149.7	1957.2	2149.7 (22/5)	1851.4 (3/4)	2149.7 (22/5/92)	49.4 (26/6/40)
Gold Mines	108.3	110.0	110.3	109.9	111.9	177.0	180.6 (10/1)	108.8 (29/4)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2707.6	2694.2	2698.6	2704.6	2715.0	2499.5	2737.8 (11/5)	2382.7 (3/4)	2737.8 (11/5/92)	986.9 (23/7/84)
FT-SE Eurotrack 200	1245.26	1240.69‡	1242.26	1247.63	1246.12	1183.91	1248.79 (11/5)	1120.52 (8/1)	1248.79 (11/5/92)	938.62 (16/1/91)
● Ord. Div. Yield	4.36	4.38	4.37	4.34	4.32	4.90				
● Earning Yld %(full)	6.39	6.42	6.43	6.39	6.35	8.56				
● P/E Ratio(Net)(*)	19.58	19.50	19.45	19.59	19.70	14.48				
SEAQ Bargns 5.00pm	32,847	27,257	28,571	29,837	31,464	33,672				
Equity Turnover(£m)†	-	1280.8	1315.3	879.7	937.8	888.06				
Equity Bargains†	-	31,573	31,787	33,683	34,674	33,036				
Shares Traded (ml)†	-	467.8	557.4	380.0	438.3	408.3				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. * Nil 18.16 ‡ Partial.

Ordinary Share Index, Hourly changes — Day's High 2115.6 — Day's Low 2105.8

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2115.6	2107.5	2108.2	2108.9	2108.6	2108.9	2108.9	2114.1	2113.0

FT-SE 100, Hourly changes — Day's High 2707.7 — Day's Low 2695.3

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2703.8	2696.0	2700.7	2700.5	2702.8	2702.7	2701.6	2705.2	2705.5

FT-SE Eurotrack 200, Hourly changes ‡Day's High 1245.94 — Day's Low 1241.72

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1241.72	1242.83	1245.15	1243.87	1244.06	1244.20	1244.81

GILT EDGED ACTIVITY

Indices*	May 28	May 27
Gilt Edged Bargains	81.3	88.1
5-Day average	101.3	120.6

*SE Activity 1974.
†Excluding intra-market business and Overseas turnover.

London report and latest Share index: Tel 0891 123001 Calls charged at 36p/minute cheap rate, 48p/minute at all other times.

Glaxo back in favour

HIGH-PROFILE health stocks were strong in reaction to overnight gains in the US, where the Dow closed at a record high, and on reassessment by a number of UK analysts.

In New York, on Thursday night, *Glaxo and SmithKline* Beecham American Depositary *Receipts* were *both* significantly higher. Yesterday, in *London, Glaxo rose* 19 *to 778p* while SmithKline gained 18 to *918p in the shares* and 110 to 4138p in the Units.

US house Salomon Brothers was an aggressive buyer of both telling clients that they had underperformed heavily against the market and arguing that Glaxo, particularly, had been left by the wayside. Also, Hoare Govett turned positive on the sector and put SmithKline back on its selective buy list. Mr James Culverwell, one of Hoare's pharmaceutical experts said; "SmithKline is cheaper and we know the new products are doing well while, with Glaxo the jury is still out." SmithKline was further helped by news that it had agreed a swap which *will give it full control* of its Italian consumer brands business, Beecham Italia.

Builders fall

The construction and building materials sectors were hit by a *warning note* from County NatWest, suggesting that 1992 profits could prove disappointing. The profits in construction are deteriorating rapidly, according to County, because of the "awful prices" at which work has been won in the downturn.

Costain lost 3 to 68p, despite the fact that it is generating profits in the materials area, thanks to a good Australian coal operation and cost cutting in US coal production. This is being offset by the depressed property sector, and housing where there has been no upsurge in sales.

County also warned of a possible dividend cut from Pilk*ington, which slipped* 7 *to 147p.* Public sector building is unlikely to provide stimulation, because of the already large public sector borrowing requirement, while private demand may show a slow recovery in the second half of the year. Blue Circle lost 9 to 244p and RMC was down 6 at 629p.

ADT volatile

Business services group ADT tumbled in early trading as nerves became frayed ahead of the release of the company's first-quarter profits.

At the day's worst, the shares were down by about 17 per cent. Dealers interpreted *the planned late afternoon* announcement (timed to coin*cide with the simultaneous* release of results in the US) as *indicating problems with the* figures. However, the stock is very tightly held and there was also a suggestion that an early *morning seller of just 2,000* shares had triggered the fall.

The slide led the company to bring the announcement of the figures forward by about an hour. The fears then proved unfounded and profits came in ahead of expectations. The shares responded and eventually closed 3 ahead at 438p.

Mr Jeffrey Kessler at Lehman Brothers said: "This is a relatively satisfactory report though not as good from the two core operations of security and car auctions."

Turnover in Racal Electronics rose to 22m, making it the most heavily traded stock of the day, as dealers squared their books ahead of the demerger of the Chubb subsidiary expected to be announced *next month. There was also a* suggestion that part of the day's turnover was caused by the placing of the recent stock overhang. The shares firmed 1½ to 61½p, with one UK broker said to have given the shares a strong push.

Barclays Bank shares were firmer as the bears closed out their positions on the last day of the account. There was also some support from speculation *that Hong Kong magnate Li* Ka-Shing would bail out Olym*pia & Yorks's Canary Wharf, to* which Barclays is heavily *exposed.*

However, one analyst *described the rumour as* "very low grade." Barclays shares closed 5 up at 374p.

Midland was 8 firmer at 417p as interested party HongKong & Shanghai Banking Corporation reminded shareholders that its offer could be worth as much as 449p in the light of the current HSBC share price.

Consideration of an encouraging property deal in Hong Kong helped Standard Chartered which has fallen sharply over the past week and which is seen as sensitive to the Hong Kong property market. Standard has been affected by problems on the Indian Stock Exchange to which it is heavily exposed. The shares recovered 13 to 495p.

Internationally-traded Reu*ters Holdings lifted 14 to 1189* on the back of a strong Wall Street.

The world's biggest mining company, RTZ, dipped 14 to 626p after negative noises from one securities house.

Bid speculation boosted Ranks Hovis McDougall, rising 8 to 234p, on strong turnover of 1.9m shares. Dalgety, up 2 to 424p and Hillsdown, gaining 5 to 179p, were mentioned as possible predators.

Supermarket group Tesco improved 3 to 276p, as chairman Mr Ian Maclaurin told the *annual meeting there were* signs the recession is coming *to an end* and the group was well placed to gain from an upturn. J. Sainsbury also responded to hopes of economic recovery, climbing 9 to 474p.

APV firmed 2½ to 133½p on talk that company would soon announce a new chief executive.

Compass Group was suspended at 489p, as it announced that, with US group ARA, it was in discussions with Forte, unchanged at 239p, about acquiring Forte's contract catering business.

Smiths Industries retreated *12 to 315p, after several brokers* cut profit expectations for the *current* and *following year.* The company, which recently *completed a series of* presentations to investors, is said to have indicated it is experiencing a slowing of defence orders due to the US presidential elections. UBS Philips & Drew, the company's broker was reported to have reduced its profits forecast for the 1992/93 period by £13m to £100m.

Stores group Kingfisher lost 11 to 559p, on hefty turnover of 2.9m shares, as its B&Q subsidiary offered price cuts in the highly competitive DIY area. DIY discounting was behind a profits downgrade for Kingfisher from BZW, which also hit the shares.

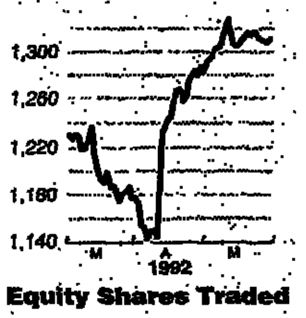
Storehouse gained 5 to 142p, as 2.7m shares changed hands. Credit Lyonnais Laing was reported to be a big buyer, on expectations *that the appoint*ment of Mr David Dworkin, *head of its BHS unit, as Store*house chairman and chief exec*utive could lead to disposals* within the group. Mr Tony Shiret, analyst at Laing, also said that profit estimates are probably too low. The agency stockbroker expects £40m to March 1993 and £60m for the next year, compared with £15.6m previously.

Blue-chip media stocks Pearson and Reed International saw some recovery after a weak period. Reed continued *to see support* from an improved recommendation by County NatWest. Pearson lifted 5 to 865p and Reed was 9 better at 569p.

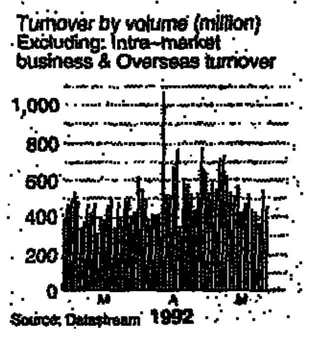
MARKET REPORTERS:
Peter John,
Joel Kibazo,
Colin Millham.

■ Other market statistics, Page 9.

FT-A All-Share Index



Equity Shares Traded



NEW HIGHS AND LOWS FOR 1992

NEW HIGHS (160).

BRITISH FUNDS (58) OTHER FIXED INTEREST (7) African Dev 11¼pc '10, Asian Dev 10¼pc '09, Hydro Quebec 15pc '11, Intl-Amer Dev 9¾pc '15, Leeds 13½pc '06, Met Water 3pc B, N'wide Anglia 3⅞pc '21, **BANKS (3)** Bk Scotland 9¼pc Pf, Do 9¾pc Pf, Midland, **BREWERS (1)** Paramount, **BLDG MATLS (2)** Ecwin, Manders, **BUSINESS SERVS (4)** EW Fact, Hutchison Whampoa, Johnson Cleaners, Reed Executive, **CONTG & CONSTRCN (3)** Boot, Melville, Shorco, **ELECTRICALS (1)** Ericsson, **ELECTRONICS (7)** Alba, Enterprise Computer, Gresham Telecomputing, MTL Instrs, Misys, Pressac, TGL **ENGAERO (2)** Hunting, Do 8¼pc Pf, **ENG GEN (2)** APV, Prospect, **FOOD RETAILING (3)** Appleby Westward, Park, Sainsbury, **HOTELS & LEIS (1)** Boosey & Hawkes, **INSCE COMPOSITE (1)** USF & G, **INSCE LIFE (1)** Utd Friendly B, **INV TRUSTS (11)** BZW Convertible, British Inv, Electric & General, Finsbury Growth, GT Venture, JF Pacific Wts, Mezzanine Cap & Inc, Pacific Asset Wts, Second Mkt, TR City of London, TR Tech Zero Pf, **MEDIA (8)** Adscene, Blenheim, Johnston Press, News Intl, Southnews, Watmoughs, **MERCHANT BANKS (5)** Barings 8pc Pf, Do 9¾pc Pf, Hambros, Schroders, Do N/V, **MTL & MTL FORMING (1)** Castings, **MISC (9)** BAT 12¼pc Ln '03-08, Bluebird Toys, Chemring, Cornwell Parker, Danka, Headlam, Pentland, Pittard Garnar, Ricardo, **MOTORS (3)** BBA, Do 6¾pc Pf, Volkswagen, **OTHER FINCL (4)** Cater Allen, Gerrard & Natl, Jardine Strategic, Swire Pacific, **OTHER INDL MATLS (4)** Amber, Charter Cons, Harris, Penny & Giles, **PACKG, PAPER & PRINTG (4)** API, Ferguson, Microgen, Waddington, **PROP (3)** Land Securities 10pc Deb '25, Do 10pc Deb '27, Do Deb '30, **STORES (3)** Essex Furniture, Moss Bros, Tie Rack, **TEXTS (5)** Celestion, Hicking Pentecost, Leeds, SEET, Stoddard, **TRANSPORT (4)** Dawsongroup, Forth Ports, Powell Duffryn, Seacon, **WATER (1)** Southern, **MINES (1)** Antofagasta.

NEW LOWS (38).

BRITISH FUNDS (2) Ex 13½pc '92, Cv 9pc 2000 C, **AMERICANS (2)** Merrill Lynch, Waste Mngt, **CANADIANS (2)** Can Imperial Bk, Royal Bk Can, **BANKS (1)** Westpac, **BUSINESS SERVS (2)** Lep, Manpower, **CONTG & CONSTRCN (1)** Birse, **FOOD MANUF (1)** Hunter Saphir, **HEALTH & HSEHOLD (1)** Cortecs, **HOTELS & LEIS (2)** BCE, Euro Disney, **INV TRUSTS (5)** Abtrust Prfd Inc, First Spanish Wts, Fleming Euro Fldg Wts, Fulcrum Inc, Sphere, **MEDIA (2)** Sunset & Vine, TV-am, **MTL & MTL FORMING (1)** Barrett, **OTHER FINCL (2)** Carlisle, King & Shaxson, **OTHER INDL MATLS (1)** Marling, **STORES (5)** Alexon, Amber Day, Austin Reed, Blacks Leis, Body Shop, **TEXTS (1)** Castle Mill, **TRANSPORT (3)** LOF's, Norex, Ocean, **PLANTATIONS (1)** Golden Hope, **MINES (4)** Butte, Indonesian Diamond, Iwernia West, Western Areas.

RISES AND FALLS YESTERDAY

	On Friday Rises	On Friday Falls	On Friday Same	On the week Rises	On the week Falls	On the week Same
British Funds	61	2	18	131	68	125
Other Fixed Interest	8	2	7	21	9	38
Commercial, Industrial	259	310	879	869	1,346	3,574
Financial & Property	117	150	531	371	594	2,227
Oil & Gas	11	24	51	79	69	196
Plantations	0	2	7	1	3	32
Mines	10	57	78	93	137	350
Others	34	30	65	117	114	284
Totals	500	577	1,636	1,682	2,340	6,826

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ADT	283	438	+3	Comm. Union	503	491	-3	Lucas	7,200	142	-3	Shell Transport	3,100	515	-4
ASDA Group	7,200	33	+1	Cookson	202	186		MB Caradon	161	285		Siebe	1,300	731	+7
Abbey National	1,800	298½	-½	Courtaulds	316	563	-5	MEPC	866	358	+4	Slough Ests	533	198	+2
Albert Fisher	979	77	-1	Dalgety	796	424	+2	Manweb	43	357	+2	Smith (W.H.) A	642	475	+2
Allied-Lyons	1,800	667	+7	De La Rue	117	604	-3	Marks & Spencer	2,700	341	-2	Smith & Nephew	2,700	153	-½
Amstrad	1,200	43	+2	Dixons	1,300	272	-3	Midland Bank	9,300	417	+8	SmKl Beecham	1,000	915	+18
Anglian Water	270	428	+2	*ECC Group*	825	557	-12	*Midlands Elect.*	826	307	+5	SmKl Beecham Uts	126	4138	+110
Argos	1,000	269	+3	Eastern Elect.	783	278	+4	NFC	1,100	279	-1	Smiths Inds.	2,400	315	-12
Argyll Group	2,500	355		East Midland Elect.	1,000	296	-3	NatWest Bank	2,300	352	+2	Southern Elect.	861	301	+2
Arjo Wiggins	1,700	260	+8	Enterprise Oil	352	443	+1	National Power	2,800	236	+1	South Wales Elect.	486	353	+5
Ass. Brit. Foods	290	441	+1	Eurotunnel Units	266	370	+11	Next	2,000	92	-½	South West Water	332	435	-2
Ass. Brit. Ports	273	423	+6	FKI	380	80		North West Water	2,400	440	+3½	South West. Elect.	323	305	+2
BAA	896	648	+6	Fisons	3,200	350	-2	Northern Elect.	140	326		Southern Water	471	424	+7
BAT Inds	5,400	812	+5	Forte	4,700	239		Northern Foods	305	617	-1	Standard Chartd.	1,200	495	+13
BET	1,400	143	-5	Gen. Accident	1,200	470	-13	Norweb	133	344	+3	Storehouse	2,700	142	+5
BICC	3,400	360	-6	General Elect.	6,600	224½	+2	Pearson	157	865	+5	Sun Alliance	320	303	+1
BOC	521	683	+2	Glaxo	5,100	777	+19	P & O	1,000	514	-3	T&N	1,300	162	+1
BPB Inds.	7,300	185	-3	*Glynwed Int.*	691	287	-8	Pilkington	1,400	147	-7	*TI Group*	534	585	
BTR	2,400	494	+5	Granada	1,000	275	+2	PowerGen	1,800	245	+2	TSB	604	141	-1
Bank of Scotland	328	118	-1	Grand Met.	3,400	511	+6	Prudential	1,600	249	-4	Tarmac	4,100	137	-6
Barclays	3,300	375	+6	GUS A	564	1508	-5	RHM	1,900	234	+8	Tate & Lyle	482	392	
Bass	1,700	631	-3	GRE	1,600	145		RMC	679	629	-6	Taylor Woodrow	1,200	119	+3
Berisford Int.	91	22½		GKN	1,700	430		RTZ	4,500	618	-16	Tesco	5,800	276	+3
Blue Circle	4,300	244	-9	Guinness	2,300	599	+10	Racal	22,000	61½	+1½	Thames Water	2,600	447	+6
Booker	842	470	-6	*Hammerson 'A'*	148	384	+11	Rank Org	539	750	-4	Thorn EMI	1,400	835	
Boots	2,300	482	-1	Hanson	8,500	233½	+4	Reckitt & Colman	1,100	640	+2	Tomkins	490	502	+2
Bowater	446	839	+2	Hanson Warrants	3,000	28¾	+½	Redland	2,000	535	-4	Trafalgar House	2,300	140	+4
Brit. Aerospace	2,900	353	+1	Harrisons Crosfield	4,900	143	-7	Reed Intl	490	569	+9	Unigate	103	342	+1
British Airways	5,100	282	-2	Hillsdown	1,900	179	+5	Rentokil	764	178	+4	Unilever	910	909	+1
British Gas	7,000	259		IMI	578	300		Reuters	515	1189	+14	United Biscuits	1,400	402	
British Land	648	213		ICI	962	1346	+2	Rolls Royce	2,100	165	+2	Utd Newspapers	595	427	-1
BP	9,900	273½	+1½	Inchcape	679	500	+2	Rothmans	259	1099	-9	Vodafone	4,200	384	
British Steel	4,300	79½	+2	Kingfisher	2,900	559	-11	Ryl Bk Scotland	3,400	198	+1	Warburg (SG)	2,000	572	+1
British Telecom	6,000	359½	+3	Kwik Save	30	620		Royal Insurance	866	334	-2	Wellcome	499	980	-5
Br Telecom New	9,300	138	+2	Ladbroke	1,800	239		Saatchi	6,500	20¾	-½	Welsh Water	158	475	+1
Bunzl	2,600	115		*Land Securities*	2,500	442	+2	*Sainsbury*	2,100	474	+9	Wessex Water	152	507	+5
Burmah Castrol	646	833	-2	Laporte 1992	428	628	-4	Scottish & New	899	464	+9	Whitbread 'A'	985	472	-2
Burton	5,700	49¾	-1	Legal & General	862	397	+1	Scot Hydro-Elect	2,000	196½	+1	Williams Hldgs	823	340	-3
Cable & Wire	1,600	579		Lloyds Abbey	44	424	+4	Scottish Power	4,300	183½	-½	Willis Corroon	1,500	255	
Cadbury Schweppes	2,100	465	-4	Lloyds Bank	1,400	436	+8	Sears	6,000	94½	-½	Wimpey	727	174	-6
Calor Group	31	199	+1	LASMO	3,200	206	-1	Sedgwick	822	219	-3	Wolseley	418	432	-8
Carlton Comms.	4,000	654	-14	London Elect.	359	321	+2	Seeboard	325	324	+2	Yorkshire Elect.	387	370	+4
Coats Viyella	730	213	-2	*Lonrho*	1,900	90½	-1½	Severn Trent Water	1,300	408	+8	Yorkshire Water	60	464	+4

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

THE EXPIRY of the May FT-SE 100 index option took centre stage yesterday in trading in derivatives, writes Joel Kibazo.

The mid-morning expiry of the *FT-SE* option, which coincided with the end of the *account was the main feature.*

Strong selling was noted *ahead of the expiry*, which led both the cash market and FT-SE futures lower and generated much of the day's turnover in the index option.

The *FT-SE* option traded 13,987 contracts, with the day's options total reaching a healthy 36,339 contracts. Mid*land Bank was the most active* stock option, trading 2,284 *lots.*

Stock index futures were relatively quiet. June traded at a modest premium to fair value for most of the session and the rolling out of June and into September was particularly noticeable.

June closed at 2,719, around 6 points above *its estimated* fair value premium to cash of *about 8.* Turnover was 7,640 contracts.

FT-A INDICES LEADERS AND LAGGARDS

Percentage changes since January 2 1992 based on Thursday May 28 1992

Motors	+	36.75	Other Groups	+	12.11
Water	+	31.93	Industrial Group	+	12.06
Textiles	+	25.16	Chemicals	+	11.62
Other Industrial Materials	+	24.04	Conglomerates	+	10.87
Engineering-General	+	23.71	500 Share Index	+	10.44
Capital Goods	+	22.40	All-Share Index	+	10.03
Building Materials	+	22.38	Electricity	+	9.32
Food Retailing	+	20.22	Consumer Group	+	8.48
Engineering-Aerospace	+	19.94	*Investment Trusts*	+	7.86
Contracting, Construction	+	19.40	Financial Group	+	7.66
Electricals	+	18.80	Business Services	+	7.35
Packaging, Paper & Printing	+	18.08	*Telephone Networks*	+	5.44
Metals & Metal Forming	+	17.70	Insurance (Life)	+	3.54
Media	+	17.43	Insurance Brokers	+	3.50
Electronics	+	16.79	*Food Manufacturing*	+	3.43
Hotels & Leisure	+	16.15	Insurance (Composite)	+	2.62
Merchant Banks	+	15.97	Oil & Gas	-	1.53
Transport	+	15.44	Health & Household	-	5.74
Stores	+	15.09	Property	-	8.69
Banks	+	14.94	Gold Mines Index	-	20.23
Brewers & Distillers	+	14.17			

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	105.8040	+0.545	9.12	9.18	9.36
BELGIUM		9.000	06/01	101.3000	+0.200	8.78	8.77	8.84
CANADA *		8.500	04/02	100.5000	+0.300	8.42	8.41	8.85
DENMARK		9.000	11/00	102.0000	+0.700	8.64	8.76	8.79
FRANCE	BTAN	8.500	03/97	99.1226	+0.111	8.71	8.69	8.88
	OAT	8.500	11/02	100.0200	+0.340	8.48	8.46	8.72
GERMANY		8.000	01/02	100.4200	+0.090	7.92	7.91	7.99
ITALY		12.000	02/02	98.2700	-0.150	12.68†	12.54	12.66
JAPAN	No 119	4.800	06/99	95.3500	+0.410	5.73	5.72	6.01
	No 129	6.400	03/00	105.0871	+0.447	5.47	5.47	5.68
NETHERLANDS		8.250	02/02	99.7200	+0.100	8.28	8.28	8.34
SPAIN		11.300	01/02	102.1300	+0.130	10.90	10.85	10.92
UK GILTS		10.000	11/96	103-08	+1/32	9.09	9.11	9.33
		9.750	08/02	105-11	+1/32	8.94	8.95	9.16
		9.000	10/08	101-31	+2/32	8.77	8.79	9.03
US TREASURY *		7.500	05/02	101-03	+1/32	7.34	7.35	7.57
		8.000	11/21	101-26	+6/32	7.84	7.83	8.07
ECU (French Govt)		8.500	03/02	99.6800	+0.130	8.54	8.57	8.75

London closing. *denotes New York morning session. Yields: Local market standard
† Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal — *Technical Data/ATLAS Price Sources*

WEEK IN THE MARKETS

Quota plan halts coffee price slide

COFFEE PRODUCERS did just enough at their meeting in London this week to halt the latest slide in world prices. But the market's response to their plan for export curbs, announced yesterday lunchtime, was far from euphoric. The July position at the London Futures and Options Exchange recovered from a *morning low of $715 a tonne to* end at $728 a tonne, up $3 on the day and down $4 on the week.

The producer delegates, meeting under the auspices of the International Coffee Organisation, were painfully aware that failure to agree a unified stance to take to the first round of negotiations of a new International Coffee Agreement on June 22-26 was likely to unleash a fresh wave of speculative selling that might send prices back to the 22-year lows reached three weeks ago. So it is perhaps understandable that discussion of details was not allowed to obstruct the search for consensus at this week's talks.

The resulting proposals envisage a global export quota of about 62m bags (60 kg each), some 10m bags below annual demand, incorporating selectivity between different types of coffee and shared out between producing countries on the basis of export performance in the free market that has operated since the collapse of the previous ICO quota scheme in July 1989.

Mr Lawrence Eagles, analyst with GNI, the London futures broker, decribed these proposals as "deliberately vague". *But he said it was apparent* that the producers were in "a very positive mood" and were aware of the need to put a transitional accord into operation as soon as possible to prevent a renewed slide in coffee prices.

Some ICO delegates suggested that this "transitional" arrangement – which would put the quota system into immediate operation, rather than *waiting for full rat*ification of a new pact – could be up and running by *the end* of September. London traders *felt that was* rather optimistic, however, in view of the need for producers *to work out oper*ational details of their plan *and sell it to the ICO's consum*ing country members.

In particular, said Mr Eagles, they would have to satisfy the US, *the biggest consumer,* whose willingness to tolerate an agreement that would compromise its *laissez-faire* princi*ples is based solely on its* eagerness to support the war *against the Colombian drug* barons. The American administration is insisting on quota selectivity between four groups of coffees: Colombian milds, other milds, Brazilian and other arabicas and robusta's. The imbalance under the previ*ous non-selective quota system* between supplies of the more *sought-after* milds and arabicas and the coarser, mainly African-produced robusta types was one of the reasons for the collapse of the agreement.

The cocoa market's woes continued meanwhile as talk of producer selling continued and users remained on the sidelines. A £4 decline yesterday took London's July futures quotation to a fresh *16¼-year* low of £541 a tonne, adding £15 *to last week's £23 fall.*

LME WAREHOUSE STOCKS (As at Thursday's close) tonnes		
Aluminium	-1,375	to 1,238,125
Copper	-975	to 264,750
Lead	+50	to 136,700
Nickel	+402	to 27,792
Zinc	+8,575	to 266,625
Tin	+310	to 13,085

At the London Metal Exchange attention remained focussed on the zinc market, which continued to be distorted by a squeeze on supplies available for nearby delivery – despite a further rise in LME warehouse stocks to a fresh record. Cash zinc ended the week $72.50 up at $1,442.50 a tonne, while the three months delivery position was unchanged at $1,284.50 a tonne; so the cash premium widened *from $85.50 to $158.*

Aluminium prices suffered *from the effects of the dollar's* strength until Thursday, when the three months price appeared to be heading for a test of the bottom end of the $1,320-$1,330 a tonne support band. But yesterday a weaker dollar allowed light Far East buying to push the price up $2.50 to $1,328.50 a tonne, down $16.25 on the week. A 1,375-tonne *fall* in *LME aluminium* stocks was less than traders *had been predicting and had* little market impact.

At the London International Petroleum Exchange dealers *enjoyed* a livelier time as North Sea oil prices broke through the $20 a tonne barrier for the first time in six months following the unexpected agreement by members of the Organisation of Petroleum Exporting Countries in Vienna last week to roll over its 22.98 barrels a day second-quarter output ceiling. The July crude oil futures price gained nearly $1 a tonne when trading resumed on Tuesday, after the long weekend, and held steady for the rest of the week.

Richard Mooney

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

AUTHORISED UNIT TRUSTS

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071—379—0444.

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	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Stewart Ivory Unit Tst Mgrs Ltd (1200)H						
45 Charlotte Sq, Edinburgh						031-226 3271
American ♥	5	271.7	271.7	288.8	+2.0	0.78
(Accum Units) ♥	5	319.8	319.8	339.9	+2.3	0.78
British	5	880.3	897.6	949.7	-3.1	3.26
(Accum Units)	5	1477.9	1505.3	1592.6	-5.2	3.26
European	5	341.4	341.4	363.1	+1.8	1.43
(Accum Units)	5	370.1	370.1	393.6	+1.1	1.43
Japan	5	97.15	97.15	103.4	+1.1	–
(Accum Units)	5	97.93	97.93	104.2	+1.1	–
New Pacific	5	210.6	210.6	225.0	-0.4	1.56
(Accum Units)	5	216.3	216.3	231.1	-0.4	1.56
Investment Tst May 27	5	163.8	163.8	175.0	––	3.51
Mngd Equity	5	132.9	134.3	142.1	+0.1	2.71
Mngd Equity Acc	5	141.0	142.5	150.8	+0.1	2.71
Mngd Cash	0	96.44	96.44	96.44	––	9.35
(Accum Units)	0	121.1	121.1	121.1	––	9.35
Majority Stlg	1	100.55	100.55	101.55	+0.01	9.25
Majority Stlg Acc	1	111.51	111.51	112.62	+0.01	9.25
Storebrand Intl Inv Mngrs Ltd (1200)F						
Admin: 5 Rayleigh Rd, Hutton, Brentwood, Essex						
Enquiries: 0277 227300						Dealing: 0277 261010
International May 15	0	49.65	49.63	50.09	––	1.77
Sun Alliance Unit Tst Mngmt Ltd (1200)F						
St Mark's Court, Horsham						0403 232325
Equity	6	658.5	656.0	705.7	+0.1	2.76
North America	6	80.57	80.57	86.17	-0.47	0.41
Far East	6	89.22	89.22	95.40	-0.10	0.76
W'wide Bond	6	47.32	47.32xd	50.34	-0.11	6.27
European	6	69.73	69.73	74.50	+0.27	1.51
Equity Income	6	73.09	73.09	78.17	-0.33	4.71
Portfolio	6	60.22	60.22xd	64.41	-0.09	1.69
UK Leading Cos	6	46.86	47.24	50.26	––	2.85
Broker Trusts						
Worldwide Growth	6	47.00	47.00	50.00	––	2.29
Intl Equity	6	46.16	46.51	49.74	+0.05	2.74
Sun Life of Canada Unit Mgrs Ltd (1000)H						
Basingview, Basingstoke, Hants						0800 525725
American Growth	6	26.24	26.24	28.07	+0.07	0.40
Managed Assets	6	106.43	107.05	114.50	-0.08	3.27
UK Income	6	33.65	34.02	36.39	-0.28	4.36
UK Growth	6	33.64	33.95	36.32	[illegible]	[illegible]

	Bid Price	Offer Price	+ or -	Yield Gross
Local Authorities Mutual Invest. Tst.*				
2 Fore Street, London EC2Y 5AQ				071-588 1815
Property Apr 30	189.10	192.95	––	8.21
Equity Apr 30	905.90	918.60	––	3.89
* Available only to Local Authorities				
M & G Securities Ltd				
Charibond May 28	106.01xd		+0.1	10.17
(Accum Units)	636.97		+0.3	10.17
NAACIF May 26	45.00xd		––	9.03
Morgan Grenfell Investment Funds Ltd				
Exempt Funds				
UK Equity † May 29	140.7	150.6	-0.5	1.79
UK Small Co † May 29	567.3	620.1	-2.5	3.23
Fixed Interest † May 29	111.1	116.9	+0.2	8.55
US Small Co May 29	153.9	164.6	+0.2	0.00
Managed May 29	115.7	123.6	-0.3	3.46
Intl Bond May 29	120.9	127.5	+0.2	10.07
Japan May 29	61.45	65.90	+0.8	4.86
European May 29	92.87	99.47	-0.3	1.49
Nth American May 29	112.2	120.7	+0.1	1.91
Murray Johnstone UT Mngmt				
Murray Exempt Funds				
American Exempt	54.16	56.33	-0.36	1.60
European Exempt	53.83	56.53	+0.05	2.27
Fixed Int Ex May 27	48.91	50.12	––	8.62
Japan Exempt	37.61	39.12xd	+0.48	0.72
Managed Ex May 28	47.98	49.91	––	3.94
SE Asia Exempt	83.96	88.16	-0.90	2.28
Sm Cos Expt May 27	38.63	40.57xd	––	3.14
UK Eqty Ex May 27	47.07	49.45	––	3.57
Phillips & Drew Fund Management Ltd				
Small Co's May 7	712.80	737.35xd	––	4.27
Do Accum	832.15	860.26	––	4.27
Inc Exmt May 28	192.77	196.90	––	1.72
UK Index May 7	1241.90	1260.75xd	––	4.62
Do Accum	1380.07	1406.00	––	4.62
Convertible May 18	100.85	104.07xd	––	7.77
Worldex UK Index May 26	740.14	756.75	––	2.15
Do Accum	748.14	756.75	––	2.15
Japan Index May 26	452.10	458.78	––	1.03
Do Accum	453.88	460.99	––	1.03

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INSURANCES

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OTHER UK UNIT TRUSTS

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	Bid Price	Offer Price	+ or -	Yield Gross
Pearl Assurance (Unit Funds) Ltd				
Lynch Wood, Peterborough PE2 6FY 0733 470470				
Property Dist. (Gross)	134 8	141 9	.....	-
Property Acc. (Gross)	256.9	270 4	...	-
Equity (Gross)	929 5	978.4	-3.1	-
Managed (Gross)	642.3	676.1	-1.3	-
Property Acc. (Net)	122.9	129.3	...	-
Equity (Net)	214.5	225 8	-0 7	-
Managed (Net)	196 7	207.1	-0 4	-
International (Net)	169.2	178.1	+0.1	-
Gilt & Fixed Interest	141.2	148 7	+0.4	-
Money Fund	139.0	146 4	+0 1	-
Mixed Fund (Cap)	123.5	130 0	.....	-
Mixed Fund (Acc)	127.5	134.3	...	-
Adventurous Managed	96.8	101 9	+0.3	-
Cautious Managed	95 8	100.9	+0 1	-
Pearl Assurance (Unit Linked Pens) Ltd				
Ret Man (Series 1)	700.3	737.2	---	-
Ret Man (Series 2)	237 5	250.0	-0 1	-
Ret Cash	195.5	205 8	+0.1	-
Pens Mixed Fd (Cap)	138 2	145.5	...	-
Pens Mixed Fd (Acc)	142.6	150 2	...	-
Pens Stlg Fd (Cap)	103.3	108 8	...	-
Pens Stlg Fd (Acc)	106 6	112.3	...	-
Pegasus Assurance Ltd				
Broad Quay, Bristol BS1 4DJ 0272 230271				
Life Funds				
Managed Aggressive	104.9	110.5	-0.1	-
Managed Balanced	102.7	108 2	...	-
Managed Cautious	114 0	120 0	....	-
Pension Funds				
Managed Aggressive	109.8	115 6	-0.1	-
Managed Balance	107.7	113.4	-0.1	-
Managed Cautious	118.8	125.0	...	-

For Pioneer Mutual see Swiss Pioneer

	Bid Price	Offer Price	+ or -	Yield Gross
Premium Life Assurance Co Ltd				
37-39, Perrymount Road, Haywards Heath 0444 458721				
American	141 0	149 0	-1 0	-

	Bid Price	Offer Price	+ or -	Yield Gross
Provident Mutual Life Assc. Assn. – Contd.				
Index Linked Gilt Init	127.8	134.5	+1	-
Overseas Equity Ord	273.2	287 6	+0.4	-
Overseas Equity Init	199.9	210.4	+0.3	-
Property Ord	220 4	232.0	-0.9	-
Property Init	161 3	169.8	-0 7	-
Fixed Interest Ord	229.9	242.0	+0.3	-
Fixed Interest Init	168.2	177.1	+0.3	-
Deposit Ord	186.0	195.8	+0.1	-
Deposit Init	136.1	143.3	----	-
Pension Funds				
Managed Ord	479.2	504 4	+1	-
Managed Init	350 6	369.1	+0.8	-
Equity Ord	754.9	794.6	+2.5	-
Equity Init	552.3	581 4	+1.7	-
Pen Ind Lkd Gilt Ord	188.6	198.5	+1.8	-
Pen Ind Lkd Gilt Init	144.1	151.7	+1.3	-
Overseas Equity Ord	310 7	327.1	+0.6	-
Overseas Equity Init	227 4	239.4	+0.5	-
Property Ord	278.3	292.9	-1.6	-
Property Init	203.6	214.3	-1.3	-
Fixed Interest Ord	292.2	307.6	+0 5	-
Fixed Interest Init	213.8	225.1	+0 4	-
Deposit Ord	266.5	280.5	+0 1	-
Deposit Init	195.0	205.3	+0.1	-
Prudential Assurance Co				
Holborn Bars, London EC1N 2NH 071-405 9222				
Prufund				
Managed May 27	270 4	281.7	---	-
Prudential Corporate Pension Funds				
1 Stephen St, London W1P 2AP 071-548 3281				
Prudential Managed Funds				
Discretionary May 27	£194.37	200 46	---	-
Equity May 27	£227.10	234.90	---	-
International May 27	£27.31	27.90	...	-
Intl Bond May 27	£14.24	14.43	---	-
Fixed Int May 27	£105 79	106 97	----	-
Index Linked May 27	£76.58	77.55	----	-
Property May 27	£109 67	115.71	----	-
Cash May 27	£30.5378	30.5378	----	-

OFFSHORE INSURANCES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

GUERNSEY (REGULATED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

MANAGEMENT SERVICES

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)

ISLE OF MAN (SIB RECOGNISED)

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ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

WORLD STOCK MARKETS

US MARKETS (3:00 pm)

CANADA (3:00 pm)

INDICES

NEW YORK

DOW JONES	May 28	May 27	May 26	May 22	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	3398.43	3370 44	3364 21	3386.77	3398.43 (28/5)	3172.41 (2/1)	3398.43 (28/5/92)	41.22 (2/7/32)
Home Bonds	100.05	99.95	100.04	100.16	100 17 (19/5)	98.41 (20/3)	100.17 (19/5/92)	54.99 (1/10/81)
Transport	1347 72	1359 68	1360.80	1376.49	1467.68 (20/2)	1301.57 (8/4)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	214.70	213 01	212.76	212.88	225.59 (3/1)	200.74 (8/4)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 3408 28 (3396 62) Low 3354 88 (3337.26)

STANDARD AND POOR'S

	May 28	May 27	May 26	May 22	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	416.74	412.17	411.41	414.02	420.77 (15/1)	394.50 (8/4)	420.77 (15/1/92)	4.40 (1/6/32)
Industrials	494 15	487.45	487.06	489.49	499.27 (15/1)	470.91 (8/4)	499.27 (15/1/92)	3.62 (21/6/32)
Financial	35 08	34.87	34 73	35.33	35 80 (13/5)	32 40 (8/4)	35.80 (13/5/92)	8.64 (1/10/74)
NYSE Composite	229 24	227.15	226 86	228.20	231.85 (15/1)	217.92 (8/4)	231.85 (15/1/92)	4.46 (25/4/42)
Amex Mkt. Value	392.30	391.85	391.89	392.46	418.99 (12/2)	380.90 (8/4)	418.99 (12/2/92)	29.31 (9/12/72)
NASDAQ Composite	580 49	577.35	575 65	580.30	644.92 (12/2)	560.33 (28/4)	644.92 (12/2/92)	54.87 (31/10/72)

	May 22	May 15	May 8	year ago (approx.)
Dow Industrial Div Yield	2.92	2.79	2.77	3.11

	May 27	May 20	May 13	year ago (approx.)
S & P Industrial div. yield	2.65	2.63	2.62	2.79
S & P Indl. P/E ratio	28.77	28.92	29.19	18.89

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Centel Corp	6,443,800	32	- 10½
Sprint Corp	5,248,500	23¼	- 1¾
AMR Corp	4,473 200	61⅝	- 2
Syntex	2,976,200	38⅛	+ ⅝
RJR Nabisco	2,734,700	10	+ ⅛
GTE Corp	2,107,400	31¼	- ¼
Permian	2,022,100	4¼	.....
Newell Co	1,865,000	36½	- 3¾
First USA	1,838,600	11	....
Merck	1,729,200	50⅝	+ 1¼

TRADING ACTIVITY

† Volume (Millions)	May 28	May 27	May 26
New York SE	195.230	179.970	196.950
Amex	14.604	15.115	14.672
NASDAQ	153.200	138.337	126.744
NYSE			
Issues Traded	2,250	2,276	2,256
Rises	990	844	612
Falls	689	795	1,116
Unchanged	571	637	528
New Highs	51	43	36
New Lows	26	31	29

CANADA

TORONTO	May 28	May 27	May 26	May 25	1992 HIGH	1992 LOW
Metals & Minerals	3097 07	3087.21	3046.84	3018.30	3238 87 (16/1)	2828.26 (8/4)
Composite	3375.34	3382.90	3382.30	3370.30	3666.00 (16/1)	3318.10 (8/4)
MONTREAL Portfolio	1779 43	1784 04	1781.72	1771.64	1937.59 (16/1)	1727.04 (8/4)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	May 29	May 28	May 27	May 26	1992 HIGH	1992 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1678.3	1676.5	1665.9	1674 2	1684.50 (22/5)	1545.30 (9/4)
All Mining (1/1/80)	712.1	711.5	706.7	708.2	717 20 (25/2)	660.30 (2/1)
AUSTRIA						
Credit Aktien (30/12/84)	411.38	(c)	409.81	412.44	458.57 (24/2)	372.24 (2/1)
Traded Index (2/1/91)	987.14	(c)	983.58	991.79	1099.43 (24/2)	901 64 (2/1)
BELGIUM						
BEL20 (1/1/91)	(c)	(c)	1230.80	1227.77	1234 72 (3/3)	1097 23 (8/1)
DENMARK						
Copenhagen SE (3/1/83)	347.48	(c)	341.74	339.34	365.29 (15/1)	326.35 (9/4)
FINLAND						
HEX General (28/12/90)	837 7	(c)	840.0	843.6	935 90 (24/2)	778.30 (9/4)
FRANCE						
CAC General (31/12/82)	547.89	(c)	548.35	552.36	556 93 (12/5)	475.53 (2/1)
CAC 40 (31/12/87)	2033.29	(c)	2014.09	2029.58	2077.49 (11/5)	1749.91 (2/1)
GERMANY						
FAZ Aktien (31/12/58)	721.17	(c)	718.82	725.26	725.26 (26/5)	643.26 (8/1)
Commerzbank (1/12/53)	2035.8	(c)	2025.7	2043.4	2043.80 (25/5)	1813.80 (8/1)
DAX (30/12/87)	1803.22	(c)	1794 05	1806.66	1811.57 (25/5)	1578.73 (8/1)
HONG KONG						
Hang Seng Bank (31/7/64)	6080.15	5980.13	6082.70	6052.08	6082.70 (27/5)	4301.78 (2/1)
IRELAND						
ISEQ Overall (4/1/88)	1378.99	1380.36	1381.80	1386.87	1469.57 (17/1)	1346.61 (3/4)
ITALY						
Banca Com. Ital. (1972)	496 60	494.62	492.65	497 25	551.59 (6/2)	472.72 (15/5)
MIB General (2/1/92)	980.0	976.0	972.0	981.0	1086.00 (5/2)	932.00 (15/5)
JAPAN						
Nikkei (16/5/49)	18347.75	17931.25	17822.56	18204.64	23801.18 (6/1)	16598.15 (9/4)
Tokyo SE (Topix) (4/1/68)	1376.32	1356.31	1352.61	1371.83	1763.43 (6/1)	1196.19 (9/4)
2nd Section (4/1/68)	2037.34	2027.38	2027.85	2046.83	2459.85 (6/1)	1910.56 (9/4)
MALAYSIA						
KLSE Composite (4/4/86)	589.09	600.17	591.20	592.52	619 06 (20/2)	546.63 (14/1)
NETHERLANDS						
CBS Tti Rtn Gen.(End 1983)	314 4	(c)	314.5	314.7	314 70 (26/5)	274.00 (8/1)
CBS All Shr (End 1983)	215.1	(c)	215.3	215.5	215.50 (26/5)	192.40 (8/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	765.55	(c)	762.30	756 28	772.74 (18/5)	667.88 (25/2)
PHILIPPINES						
Manila Comp (2/1/85)	1399.45	1403.35	1421.83	1440.91	1440 91 (26/5)	1083.01 (17/3)
SINGAPORE						
SES All-Singapore (2/4/75)	408.31	408 04	402.65	400.26	416.99 (21/1)	370.13 (9/4)
SOUTH AFRICA						
JSE Gold (28/9/78)	1090.04	(c)	1105 0	1103.0	1327 00 (21/1)	1006.00 (24/4)
JSE Industrial (28/9/78)	4664 04	(c)	4651.0	4658.0	4664 00 (29/5)	4169.00 (2/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	570.93	578.63	585.23	569.51	691.48 (8/2)	569.51 (26/5)
SPAIN						
Madrid SE (30/12/85)	261.06	259 04	258.01	258.90	266.61 (28/2)	238.93 (2/1)
SWEDEN						
Affarsvärlden Gen. (1/2/37)	991.5	(c)	(u)	991.1	1014.50 (11/5)	913 70 (2/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	874.6	(c)	869.7	872.0	883.40 (11/5)	748.50 (8/1)
SBC General (1/4/87)	671.0	(c)	668.3	670 7	682.30 (11/5)	601.10 (8/1)
TAIWAN**						
Weighted Price (30/6/66)	4519.27	4501.02	4541.38	4540.0	5391.63 (30/1)	4268.17 (11/5)
THAILAND						
Bangok SET (30/4/75)	688.84	704.83	715 75	729.58	832.39 (7/4)	667 84 (19/5)
WORLD						
M.S. Capital Ind.(1/1/70) ($)	514.5*	507.3	503.9	509 0	542.10 (7/1)	467.50 (8/4)
Euro Top-100 (26/6/90)	975.70	969 85	969.85	974.31	976.55 (25/5)	870.31 (2/1)

**Saturday May 23: Taiwan Weighted Price 4637.59, Korea Comp Ex. 575.87.
*Calculated at 15.00 GMT.
a Subject to official recalculation.
Base values of all indices are 100 except: Austria Traded, BEL20, HEX Gen., MIB Gen., Euro Top-100, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

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WORLD STOCK MARKETS

AMERICA

GDP report takes Dow to record high

Wall Street

US EQUITIES soared to record levels yesterday morning, bolstered by a strong first quarter GDP advance, lower bond market yields and buoyant overseas markets, *writes Karen Zagor in New York.*

The day started on a strong note, following Thursday's record close, and the Dow Jones Industrial Average passed the important 3,400 level within minutes of opening. Contributing to the bullishness was a report that GDP had risen 2.4 per cent in the first quarter, its most substantial gains since the same period of 1989.

At 1.30pm, the Dow Jones Industrial Average was up 15.04 at 3,413.47 in moderately heavy volume of more than 122m shares. Advancing issues led those declining by a ratio of 5 to 3. Other market indices also moved higher, with the Standard & Poor's 500 adding 1.01 to 417.75 and the Nasdaq composite advancing 4.85 to 585.34.

A second day of declining bond yields also bolstered the equity market. At mid-session, the treasury's benchmark 30-year bond was 1/8 higher at 101 11/32, yielding 7.835 per cent.

Airline stocks recovered some of their previous day's losses and contributed to the market's advance. Shares in AMR, parent of American Airlines, firmed $1⅛ to $63¼, Delta Airlines rose $⅞ to $57⅞, UAL, parent of United Airlines, added $2¾ to $116¾ and USAir was $⅜ higher at $12¾.

Pharmaceutical company stocks saw active trading, with Merck adding $⅛ to $50¾ and Glaxo's ADR's up $⅛ to $28¼.

Trading was heavy in a number of blue chip stocks including General Motors, up $¾ to $40 and Citicorp, $⅜ higher at $18¾.

Shares in Centel, the Chicago-based local phone company which has agreed to merge with Sprint at a price well under market valuations, held steady at $31¼ after plunging $10¼ a day earlier. Sprint, which dropped $1⅝ on Thursday, lost another $¼ to $22⅞.

Among other cellular phone stocks which were battered on the Centel merger news, GTE regained $¼ to $31¼, McCaw Cellular eased $¼ to $27¼, and Lin Broadcasting slipped $¼ to $67⅜.

Reports that Raytheon's engineering services business is considering a large acquisition spurred trading in engineering and building stocks.

Canada

TORONTO followed New York higher as US stocks jumped on positive GDP data. The TSE 300 gained 15.0 to 3390.4 in volume of 11.7m shares valued at C$135m. Advances outweighed declines by 201 to 193 with 307 issues unchanged.

The gold and silver index continued recent losses, slipping 16.97 to 4789.33. The financial services sector, affected by the run of bank earnings this week, recouped some of yesterday's losses, moving up 27.48, or 1.1 per cent to 2568.99.

Among active midday issues, Thomson Corp gained C$⅛ to C$15 in volume of 617,000 shares, while Laidlaw B shares moved up C$⅛ to C$11⅞ in volume of 376,000 shares.

Varity Corp made large gains in light volume, surging C$2⅝ to C$21⅝. The Royal Bank of Canada, which posted second quarter earnings per share of C$0.59 compared with C$0.69 a year ago, gained C$¾ to C$23¼ in moderately heavy volume.

SOUTH AFRICA

JOHANNESBURG was stronger as institutions sought blue chip stocks. The industrial index gained 12 to 4,664, setting another record high, while the overall index rose 9 to 3,731. However, the gold index lost 15 to 1,090.

Paris braces itself for flurry of equity issues

But unless interest rates are cut the market may remain inactive until the autumn writes Alice Rawsthorn

Parisians poured out of the city on Wednesday night to *fait le pont* for a long Ascension weekend, and their stock market settled down to slumber through the long, hot summer months.

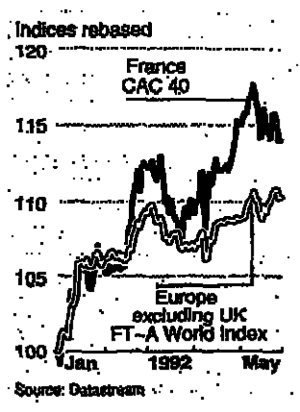
The CAC 40 index, which rose rapidly in early spring, has been distinctly dull this month. This week, it fell further after Tuesday's announcement by Mr Michel Sapin, who recently replaced Mr Pierre Bérégovoy as France's finance minister when the latter was appointed prime minister, that official interest rates were unlikely to fall until the Bundesbank took a lead by reducing German rates.

The index ended the week at 2,033, still healthily higher than the psychological benchmark of 2,000 but well below its 2,145 high. Unfortunately for French investors, the omens for the summer months are scarcely scintillating.

"It's difficult to be optimistic," said Mr David Finch, a director of the stockbroking subsidiary of Finacor in Paris. "The Paris market has had a very strong run over the past few months. A lot of fund managers are now over-weight in French stocks. Unless there is a sudden change of heart on interest rates, the market is likely to stay within the 1,960 to 2,100 band until the autumn."

The pedestrian prospects for the Paris market certainly do not reflect any concern about the underlying strength of the economy. France may have experienced a slowdown in growth last year but it has been spared the serious slowdowns - and recessions - that have beset so many of its trading partners.

On Tuesday Mr Sapin also announced the first official growth figures for the first quarter of 1992. These were slightly higher than expected at 1.1 per cent compared with the same period last year, and camewith an increase in exports of 4.3 per cent. In an interview published in Thursday's edition of Libération, the finance minister suggested that France may surpass the government's initial estimate of 2 per cent growth for the whole of 1992, possibly achieving growth of around 2.5 per cent.



A report by Banque Indosuez in Paris concluded that "activity can be expected to continue to move positively, but without any great acceleration" for the rest of the year, reflecting moderate growth in consumer spending and a slow increase in industrial investment.

The flurry of first quarter sales figures published in the past two or three weeks have echoed this stable, steady scenario. The only exceptions are the cyclical stocks in sectors such as luxury goods, which may be affected by the economic problems of Japan, one of the most important markets for French fashion and fragrances, and construction, still exposed to the general European economic slowdown.

LVMH, one of France's largest luxury goods group, saw its shares come under pressure this week after Mr Bernard Arnault, its chairman, issued a cautious statement and some analysts warned that they would have to downgrade their 1992 profit estimates.

Eurotunnel was hit by rumours that its failure to reach an agreement with its construction contractors could scupper the whole scheme. This speculation also affected the shares of Bouygues, France's biggest construction company and one of the largest Eurotunnel contractors, after it announced plans for a capital increase on Monday.

Meanwhile, the share price of Euro Disney was affected by unconfirmed reports that attendance at the theme park, which opened last month at Marne La Vallée outside Paris, had been lower than expected.

Mr Finch of Finacor suspects that such stocks will remain under pressure, but that more mainstream stocks – particularly in consumer-related sectors such as cars – will continue to outperform.

Mr David Harrington, French market analyst at James Capel in Paris, has been sufficiently cheered by the stream of first quarter sales figures to stick to his forecast of a 15 to 20 per cent increase in earnings for the CAC 40 companies this year, compared with last year's fall of 7 per cent.

Although the outlook seems stable on the corporate front, the progress of the market could be impeded by the stream of proposed new equity issues. The government is the chief instigator, thanks to its partial privatisation programme which got underway in March with the FFr2.08bn sale of a 2.3 per cent stake in Elf Aquitaine, the oil group.

France's other major oil group, Total, is the next on the list for partial privatisation.

Other state-controlled companies are keen to follow suit. Rhône Poulenc, the chemicals group, has made no secret of its hopes of partial privatisation. The three public sector insurers - Union des Assurances de Paris (UAP), Assurances Générales de France (AGF) and Group des Assurances Nationales (GAN) - are also awaiting the final plans for their share sales.

Meanwhile, a series of private sector companies have also announced plans to tap the market for capital. Bouygues did so on Monday followed by Alcatel Cable on Tuesday. Lafarge-Coppée, the construction materials company, is rumoured to be considering an issue, as is Michelin.

There is no cause for concern about the ability of the market to absorb these issues. Indeed, one its main problems is a shortage of equity. But the prospect of so many new shares being issued at a time when investors are already over-weight certainly sharpens the chances of a sleepy summer for the bourse.

EUROPE

Intercontinental influences as bourses return to work

MOST bourses came back from holiday yesterday to a stimulus from better New York and Tokyo prices overnight, *writes Our Markets Staff.*

FT-SE Eurotrack 100 - May 29

Hourly changes

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm	close
1195.67	1196.78	1196.87	1196.21	1197.06	1197.38	1197.90	1199.58

Day's High 1199.58 Day's Low 1195.66

May 28	May 27	May 26	May 22	May 21
1195.22†	1194.56	1198.37	1197.48	1187.57

Base value 1000 (26/10/90). † Partial.

FRANKFURT held early gains, helped by German car production in April, up an adjusted 4 per cent, and the industry's 28 per cent rise in exports. After a 2.35 gain to 721.17 for the FAZ index at midsession, the DAX closed 9.17 higher at 1,803.22. Both indices, however, were flat on the week.

The market has still to react to the mid-May preliminary index for the cost of living in western Germany, up 0.3 per cent on the month and 4.5 per cent higher than 12 months earlier. Turnover yesterday fell from DM5.7bn to DM4.6bn.

Dealers said that there had been demand for selected stocks; in utilities, modestly in favour recently, Veba rose DM3.20 to DM410.20 and RWE by DM4.80 to DM414.80; and among carmakers, Volkswagen led with a DM6 rise to DM410. Special situations saw a DM6.30 rise to DM135 in Lufthansa, up a lot on the day but sadly down in a painful year for the shares. Continental, the tyremaker, ended down DM4 at DM272.00 after a state court in Hanover ruled that the move in March 1991 to scrap its voting rights restrictions was null and void.

PARIS was firmer by the close after a weak morning session when arbitrage ahead of the expiry of May futures and options drove the index lower. The CAC-40 index closed up 19.20 at 2,033.29, but was down 0.6 per cent on the week. Turnover was estimated at FFr3bn.

Both Euro Disney and Eurotunnel were again in the spotlight. The market was rife with rumours including unsubstantiated reports that the theme park had been losing staff since it opened. Its shares closed down FFr2.50 or 2 per cent at FFr121.0.

Eurotunnel weakened during the session ahead of a meeting with its bankers, closing 30 centimes lower at FFr36.25. At the close it was announced that the banks had agreed to release further funds, enabling the project to continue.

Elsewhere, Peugeot rose FFr18 to FFr798 and Société Générale by FFr26 to FFr545.

MILAN traded uncertainly ahead of today's Bank of Italy annual meeting and further political developments next week, but the Comit index rose 1.98 to 496.60, 0.6 per cent higher on the week.

Shares in Pirelli SpA, the former suitor of Germany's Continental, dipped on the German court news from Hanover and then recovered to close just L6.50 lower at 1,425.50. Owning 5 per cent of Conti, and with options on a further 34 per cent, Pirelli could have gained from a decision to scrap the voting limit, one of the reasons for the failure of its bid for the German tyre maker last year.

STOCKHOLM's Affärsvärlden General index closed 5.70 higher at 991.50, 1 per cent lower on the week, on selective demand for Swedish blue chips. The narrow SX-16 index, which tracks the 16 most active stocks, rose 1 per cent on the day.

Shares were helped by a decline in Swedish money market rates and a surge in Ericsson B, the session's most active stock, up SKr5 to SKr148 in turnover of SKr40m on speculation that the group is close to winning a SKr1bn US mobile telephone order. Volvo also advanced with the B up SKr8 to SKr418.

AMSTERDAM closed with the CBS Tendency index 0.7 ahead at 131.0, a 0.5 per cent increase on the week.

Ahold, which presents first quarter figures next week, was unchanged at Fl 86.80. Morgan Stanley has recently reiterated its hold recommendation on the stock. Pirelli Tyre Holding advanced Fl 1.40 or 5 per cent to Fl 29.70 ahead of next week's annual meeting.

MADRID saw strong month-end activity in the last minutes of trading push the index ahead, closing up 2.02 at 261.06 for a 0.5 per cent gain on the week. Turnover was estimated at Pta24bn.

COPENHAGEN climbed in active trading, the CSE index closing 5.74 higher at 347.48 after opinion polls showed a clear majority of Danes planning to vote Yes in Tuesday's referendum on the EC Maastricht treaty.

ASIA PACIFIC

Individuals and foreigners buy in Japan

Tokyo

A STRONGER yen and higher bond prices pushed up futures, and equities rose on arbitrage and short term buying by dealers, *writes Emiko Terazono in Tokyo.*

The Nikkei average advanced 416.50, or 2.3 per cent, to 18,347.75, up 0.7 per cent on the week, opening at the day's low of 17,968.09 and reaching a high of 18,363.51 in the afternoon.

Volume rose slightly from 208m shares to 230m. Traders noted activity by individuals and foreigners. Advances led declines by 758 to 201 with 157 unchanged; the Topix index of all first section stocks rose 20.01 to 1,376.32 and, in London, the ISE/Nikkei 50 index fell 0.52 to 1,089.97.

Wall Street's rise on Thursday also bolstered sentiment, and speculative theme stocks once again led trading. Meiji Milk Products, the most active issue of the day, rose Y2 to Y912, and JGC, the plant engineering company, advanced Y20 to Y2,120.

Ricoh, the office equipment maker, gained Y3 to Y529 on buying by dealers and individuals; some investors regard low-priced blue chips with weak profits as possible merger and acquisition targets.

Banks closed higher in spite of poor results. Combined pre-tax profits for the 11 leading commercial banks fell by 14 per cent, but traders said that the negative news had already been factored into stock prices. Foreign brokers were seen buying "baskets" of bank stocks. Industrial Bank of Japan rose Y30 to Y1,850 and Fuji Bank advanced Y40 to Y1,500. Utilities gained on hopes of lower interest rates, Tokyo Electric Power rose Y30 to Y2,790.

Some investors were concerned over reports that Yamaichi Securities, a leading broker, was being sued by Showa Mining, a glassfiber material maker listed on the second section of the exchange, for mishandling its investments.

Although Yamaichi denied the reports Showa said that it had posted extensive losses due to Yamaichi's shuffling of investments. Analysts fear further revelations and law suits could hurt investor confidence.

In Osaka, the OSE average gained 277.36 to 20,877.88 in volume of 14.9m shares.

Roundup

With the exception of Bangkok, still upset by political uncertainty, the region was stronger yesterday.

HONG KONG regained nearly all most of Thursday's losses, lifted by a continued inflow of overseas money. The Hang Seng index closed 92.02, or 1.5 per cent higher at 6080.15, 3.8 per cent higher on the week in turnover up from HK$5.35bn to HK$5.7bn.

Cheung Kong topped the most active list, climbing HK$1 to HK$26.70. Its chairman, Mr Li Ka-shing, declined to comment on a British press report that he was negotiating to buy Olympia & York's Canary Wharf development in London's docklands.

BANGKOK extended its losses on the slow progress of finding a successor for the former prime minister, Suchinda Kraprayoon, the SET Index ending 15.99 lower on the day and 4.1 per cent lower on the week at 688.84 in moderate turnover of Bt4.05bn.

TAIWAN recouped less of Thursday's fall, closing 18.25 higher at 4,519.27, 2.3 per cent lower on the week in turnover down from T$21.9bn to T$17.7bn.

NEW ZEALAND rose to a 12-month high with foreign buying of blue-chip issues leading the advance. The NZSE-40 index closed up 16.19 at 1,574.87, up 1.5 per cent on the week. Turnover was NZ$41m.

Fletcher Challenge advanced 6 cents to NZ$3.74 while Telecom saw strong US interest lift its shares 4 cents to NZ$2.10 in volume of 5.5m shares.

BOMBAY was subdued at the start of the new two-week account trading period after carry-forward charges were sharply raised on fears that some brokers might default.

The BSE Index fell 66.40, or 2.2 per cent to 3,006.08, 12.5 per cent lower on the week

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	THURSDAY MAY 28 1992 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	WEDNESDAY MAY 27 1992 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 1992 High	1992 Low	Year ago (approx)
Australia (69)	152.20	+1.0	124.91	124.59	128.71	133.37	+0.7	4.12	150.74	124.09	123.82	128.09	132.39	153.68	140.94	137.46
Austria (19)	168.46	+0.3	138.25	137.90	142.45	142.43	+0.0	2.05	167.94	138.25	137.96	142.71	142.43	188.70	162.48	201.37
Belgium (48)	141.70	+0.1	116.29	115.99	119.82	117.07	+0.0	5.20	141.49	116.48	116.22	120.23	117.07	146.19	135.87	134.09
Canada (115)	126.48	−0.3	103.78	103.51	106.93	110.25	−0.1	3.32	126.79	104.38	104.15	107.74	110.36	142.12	125.60	139.97
Denmark (35)	243.72	+0.3	200.02	199.51	206.10	207.92	+0.0	1.76	242.95	200.00	199.57	206.45	207.92	273.94	226.81	241.95
Finland (15)	78.48	+0.0	64.40	64.24	66.36	72.96	+0.0	1.98	78.48	64.60	64.47	66.69	72.98	89.80	73.64	113.62
France (104)	163.34	+0.5	134.06	133.70	138.11	139.90	+0.0	3.36	162.60	133.85	133.55	138.16	139.90	168.75	148.06	137.07
Germany (65)	122.47	+0.5	100.51	100.26	103.56	103.56	+0.0	2.23	121.87	100.32	100.12	103.56	103.56	124.92	114.67	114.50
Hong Kong (56)	250.28	−1.3	205.40	204.87	211.65	248.96	−1.3	3.28	253.59	208.76	208.31	215.51	252.27	253.59	176.36	153.16
Ireland (16)	155.75	−0.1	127.83	127.50	131.71	133.45	−0.5	4.07	155.99	128.41	128.13	132.55	134.10	173.71	151.78	154.45
Italy (78)	71.32	+0.7	58.53	58.38	60.30	65.22	+0.3	3.24	70.80	58.28	58.16	60.16	65.04	80.86	68.39	80.67
Japan (473)	102.73	+0.6	84.31	84.09	86.88	84.09	+0.3	1.01	102.10	84.05	83.87	86.77	83.87	140.95	88.70	138.08
Malaysia (68)	238.07	+0.6	195.38	194.87	201.31	231.15	+0.3	2.81	236.69	194.85	194.42	201.13	230.45	250.18	212.49	242.82
Mexico (18)	1621.54	+0.1	1330.79	1327.38	1371.20	5521.72	+0.3	1.04	1620.57	1334.06	1331.19	1377.12	5504.24	1789.77	1376.91	1039.86
Netherland (25)	159.96	+0.4	131.28	130.94	135.27	133.71	+0.0	4.18	159.26	131.11	130.82	135.34	133.71	161.74	147.88	140.36
New Zealand (14)	46.80	+1.9	38.41	38.31	39.57	46.30	+1.7	5.52	45.94	37.82	37.74	39.04	45.54	48.52	42.01	50.26
Norway (23)	185.67	+0.4	152.38	151.99	157.01	159.84	+0.0	1.58	184.94	152.25	151.92	157.16	159.84	192.95	161.26	205.74
Singapore (38)	227.77	+2.2	186.93	186.45	192.60	171.77	+2.4	1.91	222.82	183.43	183.03	189.34	167.78	226.43	192.76	205.02
South Africa (61)	249.24	−0.2	204.55	204.02	210.76	188.01	+0.0	2.70	249.80	205.64	205.19	212.27	188.01	263.60	203.16	216.71
Spain (50)	157.58	+0.8	129.32	128.99	133.25	121.17	+0.4	5.00	156.40	128.75	128.47	132.90	120.67	160.85	146.86	160.97
Sweden (27)	194.37	+0.4	159.52	159.11	164.37	168.55	+0.0	2.63	193.55	159.33	158.99	164.47	168.55	199.93	173.09	191.23
Switzerland (60)	105.87	+0.7	86.88	86.67	89.53	96.84	+0.0	2.21	105.08	86.50	86.32	89.31	96.84	107.27	95.89	95.14
United Kingdom (228)	195.93	+0.1	160.80	160.37	165.67	160.80	−0.2	4.64	195.74	161.13	160.77	166.32	161.13	200.07	165.85	170.91
USA (522)	169.85	+1.1	139.40	139.05	143.64	169.85	+1.1	2.94	168.08	138.36	138.07	142.83	168.08	171.66	160.92	156.64
Europe (791)	154.24	+0.3	126.59	126.26	130.44	129.21	−0.1	3.79	153.73	126.55	126.28	130.64	129.28	156.64	139.31	140.02
Nordic (100)	181.85	+0.4	149.24	148.88	153.78	150.99	+0.0	2.15	181.18	149.15	148.83	153.98	150.99	188.52	169.66	184.74
Pacific Basin (717)	109.31	+0.5	89.71	89.48	92.44	90.37	+0.2	1.38	108.73	89.50	89.31	92.39	90.16	141.97	94.40	138.27
Euro – Pacific (1508)	127.50	+0.4	104.64	104.36	107.81	108.42	+0.1	2.55	126.94	104.50	104.27	107.86	108.33	145.21	113.80	139.33
North America (637)	167.13	+1.0	137.17	136.83	141.36	165.80	+1.0	2.96	165.49	136.23	135.95	140.65	164.15	169.69	158.70	155.53
Europe Ex. UK (563)	129.47	+0.5	106.25	106.00	109.50	110.98	+0.1	3.15	128.80	106.03	105.82	109.48	110.92	131.23	121.81	121.04
Pacific Ex. Japan (244)	174.15	+0.1	142.92	142.58	147.28	154.90	+0.0	3.51	173.95	143.20	142.91	147.84	154.90	174.15	149.00	139.57
World Ex. US (1702)	129.79	+0.4	106.51	106.25	109.75	108.75	+0.1	2.56	129.27	106.42	106.19	109.85	108.66	146.91	116.45	140.64
World Ex. UK (1996)	137.26	+0.7	112.65	112.37	116.08	124.23	+0.6	2.46	136.26	112.17	111.93	115.80	123.53	150.58	127.21	142.47
World Ex. So. Af. (2163)	141.61	+0.7	116.22	115.93	119.76	127.09	+0.5	2.71	140.68	115.79	115.55	119.54	126.48	153.05	130.04	144.55
World Ex. Japan (1751)	164.51	+0.7	135.01	134.66	139.13	152.67	+0.5	3.27	163.40	134.51	134.23	138.87	151.85	165.06	153.20	150.00
The World Index (2224)	142.32	+0.7	116.80	116.50	120.35	127.64	+0.5	2.71	141.38	116.39	116.14	120.15	127.04	153.70	130.66	144.99

Latest prices were unavailable for this edition. Markets closed May 28: Austria, Belgium, Denmark, Finland, France, Germany, Netherlands, Norway, South Africa, Sweden and Switzerland.

LONDON SHARE SERVICE

BRITISH FUNDS

Stock	Notes	Price £	+ or -	1992 high	1992 low	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)							
3pc 1992		99 27/32xd	+1/16	99 27/32	97 11/16	3.01	–
Exch 12¼pc 1992		100 11/16	−1/16	101¼	100 11/16	12.19	9.67
13½pc 1992		101 1/16	−1/16	102¼	101 1/16	13.36	9.64
Treas 8¼pc 1993		99¼	+1/16	99¼	97 11/16	8.31	9.29
10pc 1993‡‡		100½	—	100½	99 11/16	9.95	9.36
12½pc 1993‡‡		103 1/16	+1/16	103 13/16	101 13/16	12.11	9.42
Funding 6pc 1993‡‡		97	+1/16	97	95 1/16	6.19	8.47
Treas 13¾pc 1993‡‡		106 11/32	—	106 11/32	104⅛	12.98	9.32
8½pc 1994		99 1/16	—	99 1/16	96¼	8.58	9.11
14½pc 1994‡‡		108 1/16	—	109⅛	106 13/16	13.40	9.31
Exch 13½pc 1994		107 1/16	—	107 13/16	105 1/16	12.60	9.25
Treas. 10pc Ln. 1994‡‡		101 11/16xd	+1/16	101 13/16	98 13/16	9.85	9.14
Exch 12½pc 1994		106 13/16	+1/16	106 1/16	103 13/16	11.75	9.25
Treas 9pc 1994‡‡		99 13/16	+1/16	99 13/16	96⅝	9.02	9.04
12pc 1995		106 7/16	+1/16	106 7/16	103⅞	11.27	9.20
Exch 3pc Gas 90-95		91	—	91	88¼	3.30	6.40
10¼pc 1995		102 13/16	+1/16	102 13/16	99 1/16	9.97	9.16
Treas 12¾pc 1995‡‡		110⅜	+1/16	110⅜	106⅝	11.55	9.16
14pc 1996		114 1/16	+1/16	114 1/16	110 1/16	12.25	9.31
9pc 1992-96‡‡		100 1/16	+1/16	100 1/16	96 1/16	9.00	8.99
15¼pc 1996‡‡		119 1/16	+1/16	119 1/16	114 13/16	12.81	9.30
Exch 13¼pc 1996‡‡		112⅞	+⅛	112⅞	108½	11.74	9.27
Conversion 10pc 1996		103 1/32	+1/16	103 1/16	98 13/16	9.69	9.08
Treas 13¼pc 1997‡‡		114 11/16	+⅛	114 11/16	110 1/16	11.55	9.27
Exch 10½pc 1997		105 13/32	+1/16	105 13/32	100 13/32	9.98	9.08
Five to Fifteen Years							
Treas 8¾pc 1997‡‡		99	+⅛	99	94	8.84	8.98
8¾pc 1997 D		65 13/16	+1/16	65 13/16	64⅞	8.84	8.90
Exch 15pc 1997		123 13/16	—	123 13/16	118 1/16	12.15	9.37
9¾pc 1998		103	+1/16	103 1/16	97 11/16	9.47	9.03
Treas 6¾pc 1995-98‡‡		93½	+1/16	93 1/16	86 13/16	7.28	8.24
15½pc '98‡‡		129 1/16	+1/16	129 1/16	123 1/16	11.99	9.25
Exch 12pc 1998		113 13/16	+1/16	113¾	107 13/16	10.56	9.13
Treas 9½pc 1999‡‡		102⅞	+1/16	102⅞	97 1/16	9.23	8.90
Exch 12¼pc 1999		115 13/16	+1/32	115 7/16	109½	10.61	9.14

BRITISH FUNDS - Cont.

Stock	Notes	Price £	+ or -	1992 high	1992 low	Yield Int.	Yield Red.
Treas 10½pc 1999		107 13/16	+1/16	107 13/16	101 13/16	9.77	9.02
Conversion 10¼pc 1999		106⅜	+1/16	106 1/16	100 13/16	9.64	9.03
9pc 2000‡‡		100 1/16	+1/16	100 11/16	94⅝	8.95	8.87
9% 2000 C		39 13/16	—	40 1/16	39⅞	9.01	8.87
Treas 13pc 2000		121 1/16	+1/16	121¼	114 13/16	10.74	9.23
10pc 2001		106 1/16	+1/16	106¼	99 11/16	9.42	8.95
14pc '98-01		120 13/16	+1/16	121	115 13/16	11.58	9.33
9¾pc 2002		105 1/16	+1/16	105⅜	98⅜	9.26	8.93
9¾p 2002 C		105 1/16	+1/16	105 1/16	98 1/16	9.28	8.94
10pc 2003		107 13/16	+1/16	107 1/16	100 1/16	9.31	8.92
10pc 2003 B		60 13/16	+1/16	61	58 13/16	9.30	8.93
Treas 11½pc 2001-04		113 13/16	+1/16	113 13/16	107 1/16	10.11	9.16
Funding 3½pc '99-04		66 1/16	+1/16	66 1/16	59½	5.29	7.88
Conversion 9½pc 2004		104 13/16	+1/16	104 13/16	98 13/16	9.09	8.89
9½pc 2005		104⅝	+¼	104⅝	98 13/16	9.06	8.88
Treas 12½pc 2003-05		124 1/16	—	124⅝	118 1/16	10.06	9.04
8pc 2002-06‡‡		92 13/16	+1/16	92 13/16	85½	8.62	8.88
Over Fifteen Years							
Treas 11¾pc 2003-07		118¼	+1/16	118 13/16	110 13/16	9.94	9.03
8½pc 2007 ‡‡		97¼	+¼	97 1/16	89 13/16	8.74	8.82
8½pc 2007 A		97¼	+¼	97 1/16	89 13/16	8.74	8.82
13½pc '04-08		131 13/16	—	132 1/16	123 13/16	10.23	9.03
9pc 2008 ‡‡		101⅞	+1/16	101 13/16	93 13/16	8.83	8.77
8pc 2009		93 1/16	+1/16	93¼	85 13/16	8.58	8.78
Conv 9pc Ln 2011 ‡‡		101 13/16	+¼	102 1/16	93 13/16	8.83	8.78
9pc 2011 B		101 13/16	+¼	102	93 13/16	8.83	8.78
Treas. 9pc 2012		102 1/16	+1/16	102¼	93 13/16	8.82	8.77
Treas 5½pc 2008-12‡‡		69¼	+1/16	69¼	62⅞	7.94	8.76
7¾pc 2012-15‡‡		89⅝	+1/16	89 13/16	81 13/16	8.65	8.80
Exch 12pc '13-'17		130 1/16xd	+¼	130 1/16	120¼	9.22	8.83
Treas 8¾pc 2017		70 7/16	—	70 11/16	67⅛	8.74	8.74
Undated							
Consols 4pc		43 13/16	—	43 13/16	39⅞	9.16	–
War Loan 3½pc‡‡		39 1/16	—	39 1/16	35 1/16	8.96	–
Conv 3½pc '61 Aft		62 1/16	—	62 1/16	59	5.61	–
Treas 3pc '66 Aft		32 1/16	—	32 1/16	29 13/16	9.27	–
Consols 2½pc		27 13/16	—	27¼	24 13/16	9.05	–
Treas. 2½pc		27½	—	27 1/16	24 13/16	9.09	–

BRITISH FUNDS - Cont.

Stock	Notes	Price £	+ or -	1992 high	1992 low	Yield Int.	Yield Red.
Index – Linked	(b)					(1)	(2)
Treas. 2pc '94	(102.9)	126 1/16	—	126 1/16	122⅜	2.69	4.01
2pc '96	(67.9)	183 1/16	+1/16	183 13/16	175⅜	3.36	3.99
2½pc '01	(78.3)	147 13/16	+1/16	147 13/16	143	4.05	4.37
2½pc '03	(78.8)	143 13/16	+13/16	143 13/16	136 1/16	4.09	4.37
2pc '06	(69.5)	146⅝	+11/16	146⅝	139 1/16	4.13	4.35
2½pc '09	(78.8)	133 13/16	+13/16	133 13/16	126 1/16	4.14	4.34
2½pc '11	(74.6)	138 1/16	+11/16	138 1/16	129¾	4.14	4.32
2½pc '13	(89.2)	113 13/16	+13/16	113 13/16	106 1/16	4.12	4.29
2½pc '16	(81.6)	121⅜	+13/16	121⅜	112⅞	4.11	4.27
2½pc '20	(83.0)	118¼	+¾	118¼	107 13/16	4.10	4.24
2½pc '24‡‡	(97.7)	96 13/16	+13/16	97	88⅞	4.07	4.20

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for September 1991: 134.6 and for April 1992: 138.8

OTHER FIXED INTEREST

Stock	Notes	Price £	+ or -	1992 high	1992 low	Yield Int.	Yield Red.
African Dev 11⅛ 2010		115 1/16	+1/16	115 1/16	105⅞	9.84	9.31
Asian Dev 10¼pc 2009		109 13/16	+13/16	109 13/16	100 1/16	9.34	9.10
B'ham 11½pc 2012		110½	—	110½	102¼	10.41	10.26
Ireland Cap 8½pc '10		89⅜	+⅛	89¼	88⅝	9.51	–
9pc Cap 1996		98½	—	99¼	90	9.17	–
13pc '97-02		104¼	—	115½	104	11.35	–
Hydro Quebec 15pc 2011		140¼	+1/16	140¼	130⅞	10.06	10.12
Int-Am Dev 12½pc 2003		121 1/16	−1/16	121 13/16	112⅞	10.28	9.25
9¾pc 2015		104⅞	+1/16	104⅞	95½	9.30	9.23
Leeds 13½pc 2006		124¼	+¼	124¼	116¼	10.87	10.25
Liverpool 3½pc Irred		33	—	33¼	30	11.67	–
LCC 3pc '20 Aft		30½	—	30¼	27	11.11	–
Manchester 11½pc 2007		110¼	−¼	110½	103¼	10.43	10.17
Met. Wtr. 3pc 'B'		58¼	+¼	58¼	53	5.11	8.98
N'wide Anglia 3⅞pc 2021		109½	+¼	109½	103¼	–	5.39
4⅛pc IL 2024		100	—	100	103¼	–	5.14
Utd Mex States 16½pc 2008		124½	—	128	121½	13.25	12.73

Nationwide
£300,000,000
Floating Rate Notes
Due 1996
(Second Series)
(Issued by Nationwide Building Society)
Interest Rate:
10.1425% per annum
Interest Period:
29th May, 1992 to
30th June, 1992
Interest Amount per
£5,000 Note due
30th June, 1992: £44.34
Interest Amount per
£50,000 Note due
30th June, 1992: £443.39
Agent Bank
Baring Brothers & Co., Limited

MACQUARIE BANK LIMITED
USD 20,000,000 Subordinated
Floating Rate Bonds Due 2000
In accordance with the terms and conditions of the above-mentioned bonds, notice is hereby given that for the six months period from May 29, 1992 to November 30, 1992 the bonds will carry an interest rate of 4.85% per annum (including the margin of 0.6%). The coupon amount payable on November 30, 1992 will be USD 24.92 per coupon for USD 1,000 denomination Bonds USD 249.24 per coupon for USD 1 denomination Bonds.
BANQUE GENERALE DU LUXEMBOURG

AMERICANS

Notes	Price £	+ or -	1992 high	1992 low	Mkt Cap £m	Yld Gr's
Abbott Labs	38⅝xd	+¼	38½	34	15,575	1.9
ψAllegheny & W	385p	—	330p	226p	188.5	5.5
Amdahl	913p	+11	1169p	815p	1,019	0.6
Amer Cyanamid	33	+½	37	31⅞	3,823	2.8
Amer Express	12½xd	+⅛	13⅞	10⅝	5,902	4.5
Amer T & T	23⅞xd	+¼	24⅞	20⅛	30,647	3.2
Ameritech	34½	−½	38⅞	32½	18,185	5.7
BankAmerica	25¼xd	−⅛	27⅛	19⅞	8,689	2.9
Bankers NY	32xd	—	37¼	26⅞	2,637	6.6
Bell Atlantic	24	−¼	26⅛	23⅛	16,331	6.1
BellSouth	27	—	29⅛	25	13,148	5.8
ψBethlehem Steel	7⅝xd	−⅛	9⅝	7	582.4	—
Bowater	1218pxd	+18	1579p	1078p	436.9	5.5
CPC h	23⅞	+⅛	26⅝	22⅞	3,615	2.8
ψCadiz Land Inc	248p	—	342p	168p	—	—
California Engy	690p	—	833p	646p	125.6	—
Campbell Soup	18⅝	+¼	23⅛	17⅛	4,807	2.4
Chase Manhattan	16½xd	−⅛	16½	9⅛	2,179	4.4
Chrysler	9⅞xd	—	11⅛	6¼	2,888	3.4
Citicorp	10⅞xd	—	11	5⅛	3,527	—
Colgate-Palm	28⅝xd	+¼	28⅞	25¼	4,085	2.1
Cont'l Bank	690p	+4	1036p	499p	1,808	3.4
Dana	22⅝xd	−¼	24½	14⅞	932.1	4.0
Data General	471p	+13	1004p	431p	190.0	—
Dial	20xd	+⅛	24⅛	18⅞	802.6	3.2
Dun & Brad	29½	—	33½	27⅝	5,264	4.4
Eaton	45	+½	46½	32½	1,633	2.8
Echlin	9⅜xd	—	11	7⅛	544.6	4.0
FPL	19⅛xd	+⅛	20	18⅛	3,241	7.2
Fluor	24½xd	+⅞	27	21	1,986	0.9
Ford Motor	24⅛	+½	25⅞	15	11,755	2.3
Gen Elect	42⅛xd	+⅞	46¼	40⅛	36,401	2.8
ψGeneral Host	450p	—	535p	360p	—	4.5
Gillette	27⅝xd	+⅞	29⅞	26⅛	6,603	1.5
Hasbro	15⅞	—	16	12⅞	1,368	0.7
Honeywell	40⅞xd	+1⅛	43	34⅛	2,819	2.3
Houston Inds	24	+⅛	25	23	3,185	6.9
IBM	50xd	+⅛	54½	46¼	28,550	5.4
[illegible]						

CANADIANS

[illegible]

BANKS

[illegible]

BREWERS & DISTILLERS

[illegible]

BUILDING MATERIALS

[illegible]

BUILDING MATERIALS - Cont.

[illegible]

BUSINESS SERVICES

[illegible]

CHEMICALS

[illegible]

CONGLOMERATES

[illegible]

CONTRACTING & CONSTRUCTION

[illegible]

CONTRACTING & CONSTRUCTION - Cont.

[illegible]

ELECTRICALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONICS

[illegible]

ENGINEERING - AEROSPACE

[illegible]

ENGINEERING - GENERAL

[illegible]

ENGINEERING - GENERAL - Cont.

[illegible]

FOOD MANUFACTURING

[illegible]

FOOD RETAILING

[illegible]

HEALTH & HOUSEHOLD

[illegible]

HOTELS & LEISURE

[illegible]

HOTELS & LEISURE - Cont.

[illegible]

INSURANCE BROKERS

[illegible]

INSURANCE COMPOSITE

[illegible]

INSURANCE LIFE

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

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INVESTMENT TRUSTS - Cont.

Notes	Price	+ or -	1992 high	low	Yld Gr's	NAV	Dis or Pm(-)
■Scot National Inc.	97	—	107	83½	12.4	—	—
■ Cap.	32	—	42	12½	—	62.3	48.8
Stepped Pf.......I	141	—	141	126	8.8	—	—
Zero Div Pf	184½	-½	185½	168½	—	—	—
Warrants	7	—	9	3½	—	—	—
Scot Value.......ts	83½	—	84	48	3.8	83.6	0.9
Sec Alliance.......†	1261	+1	1283	1136	3.7	1394.5	9.6
Second Market.....s	243	—	244	222	8.8	288.3	15.7
■Sec Tst Scot	74xd	—	75½	63	6.9	78.0	3.3
Select Assets	97	-½	102½	97	1.2	132.9	27.0
Eq Ind Seri	123	—	123	109	4.8	—	—
Eq Ind SerII	123	—	123	109	4.6	—	—
Shires	247	—	248	195	10.2	247.9	0.4
11pc Cv Ln '03/04	£118½	+1	£119½	£95½	9.6	—	—
Sam Select	78	—	91	78	1.7	89.7	13.1
Warrants	16	—	21	15	—	—	—
■Smaller Cos	84	—	86	67	4.9	90.5	7.2
Warrants	19	—	26	10	—	—	—
■Sphere Inc.......N	14½	-½	20	14½	36.1	24.5	40.8
Zero Div Pf	77	-½	77¼	65¼	—	—	—
Warrants	8¾	—	3½	0¾	—	—	—
Stratton	168	—	168	147	1.4	193.1	13.0
Sumit	50	—	52	38	3.3	108.8	54.4
■TR City of Lon...M	126¼	—	127	97½	6.8	129.2	-2.9
■TR Euro Growth...s	88	-1	90	83	1.8	99.6	12.6
Ptg Sub.......e	50	—	54	50	2.7	—	—
■TR Far East Inc. M	96xd	—	98	78	6.2	104.5	8.9
Warrants	28	—	32	12	—	—	—
TR High Inc	189	—	110	91	7.3	103.4	-5.4
Sub.......g	30	—	35	26	6.7	—	—
■TR Pacific.......s	93½	+½	98	71	8.4	100.2	6.7
■TR Prop	24	—	27	20	8.1	33.5	28.3
■TR Smaller	146½	-1	152	118½	3.4	155.7	5.9
■TR Technology...M	34	-1	37	25	7.2	105.5	66.8
Stepped Pf	101½xd	—	101½	90¼	7.3	—	—
[illegible]							

MERCHANT BANKS

Notes	Price	+ or -	1992 high	low	Mkt Cap£m	Yld Gr's	P/E
■Ansbacher (H)	34	—	34	26	83.5	—	—
Barings 8pc Cm 2nd Pf	88½	+½	88½	83½	12.3	10.8	—
9¾pc Non-Cum Prf	128½	+½	129½	103¼	48.2	10.8	—
Brown Shipley	128	-1	204	125	20.4	8.3	—
Close Bros.......†	280	—	287	247	93.1	4.7	11.2
■Hambros.......†	291	—	292	215	502.2	5.9	11.5
7½pc Cv Pf	116	-1	119	93	174.8	8.9	—
Joseph (L)	330	—	333	318	17.5	6.4	—
■Kleinwort Benson	308	+5	310	212	408.4	6.8	21.8
■Rea Bros	35	—	37	28	13.7	1.9	—
Schroders	1388	+23	1388	1043	672.8	1.8	15.6
N/V	1138	+23	1138	883	149.4	2.1	13.2
■Singer & Fried	48	—	50	37	88.5	7.2	10.1
■Warburg (SG)	572	+1	605	445	1,188	4.3	♦
6pc Cv Pf	194	-1	204	150	82.5	4.1	—
Wintrust	220	—	263	213	18.7	5.6	8.5

METALS & METAL FORMING

Notes	Price	+ or -	1992 high	low	Mkt Cap£m	Yld Gr's	P/E
■ASW	161	+1	165	113	107.4	7.5	30.5
✣Apollo Metals	130	—	147	129	10.4	3.3	15.0
Ash & Lacy	168	—	188	142	44.3	5.1	12.9
■Barrett (H)......‡	28	-1	45	20	8.88	‡	46.3
Bilam (J)	126	—	144	84	2.84	4.5	7.1
■Brit Steel	70½	+2	88	64	1,590	14.7	—
■CI	33xd	—	35	15	28.5	8.3	12.4
Castings	180	+10	180	118	38.5	3.1	♦
Chamber & Hill	138	+1	148	90	8.80	6.4	♦
Cohen (A)	400	—	480	350	7.42	7.7	41.9
Cook (Wm)	284	—	335	250	57.4	5.1	♦
■Cooper (F)	85	—	89	50	23.1	8.4	30.8
Cronite.......♦	45	—	46	24	7.31	—	13.1
[illegible]							

MISCELLANEOUS

[illegible]

INVESTMENT COMPANIES

[illegible]

MEDIA

[illegible]

MOTORS

[illegible]

OIL & GAS

[illegible]

OIL & GAS - Cont.

[illegible]

OTHER FINANCIAL

[illegible]

OTHER INDUSTRIAL MATERIALS

[illegible]

PACKAGING, PAPER & PRINTING

[illegible]

PACKAGING, PAPER & PRINTING - Cont.

[illegible]

PROPERTY

[illegible]

STORES

[illegible]

STORES - Cont.

[illegible]

TELEPHONE NETWORKS

[illegible]

TEXTILES

[illegible]

TRANSPORT

[illegible]

WATER

[illegible]

SOUTH AFRICANS

[illegible]

PLANTATIONS

[illegible]

MINES

[illegible]

MINES - Cont.

Notes	Price	+ or -	1992 high	low	Mkt Cap£m	Yld Gr's
[illegible]						
■‡‡Ivernia West IE	42	-2	58	42	13.3	—
■‡‡Kells Mnls IE	28	—	42	28	0.68	—
■✣Kenmare	3¼	—	6½	3½	3.60	—
Meloga Res	34	-1½	36½	30½	3.75	—
‡‡Navan Res IE	25½	+1	28	18	3.42	—
North West Expl A$	3	—	6	2	1.01	—
Oryx Gold S	78½	—	163	51	—	—
■‡‡Ovoca Res IE	8	—	11	5½	0.42	—
Plateau	6½	—	13	6½	2.98	—
■RTZ	618	-16	689	469	6,186	4.2
✣Vizcaya	1¾	—	3	1	0.94	—
♥Western & Pac C$	60	—	85	7	32.9	—
✣Young Grp	21	—	118	4	3.16	16.5

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid-prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ■ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ), and non-UK stocks which are quoted on SEAQ International
- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend. b Figures based on prospectus or other official estimates. c Cents. f Flat yield. g Assumed dividend yield after rights issue. h Assumed dividend yield after scrip issue. n Rights issue pending. q Earnings based on preliminary figures. s Dividend yield excludes a special payment. t Indicated dividend yield, p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings. v Subject to local tax. z Dividend yield includes a special payment. E Minimum tender price. F Yield based on prospectus or other official estimates for 1990-91. G Assumed yield after pending scrip and/or rights issue. H Yield based on prospectus or other official estimates for 1991. K Yield based on prospectus or other official estimates for 1992-93. L Estimated annualised yield, p/e based on latest annual earnings. M Yield based on prospectus or other official estimates for 1991-92. N Yield based on prospectus or other official estimates for 1992. P Figures based on prospectus or other official estimates for 1991. R Forecast annualised yield, p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xl ex capital distribution.

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London Share Prices

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FINANCIAL TIMES

Weekend May 30/May 31 1992

Ross Perot rides into Sin City

Jurek Martin observes a Washington visitor who wants to take over

SODOM and Gomorrah, also known as Washington, DC, and the plusher suburbs of Maryland and Virginia, were still standing yesterday, but it was a close run thing.

For Ross Perot had ridden into town for a quick check on the new ranch he intends to buy next year and declared he just plumb didn't like some of the "thangs" going on around town, apart, of course, from the sidewalk mob of wide-eyed believers outside his down-home new office jus' a couple of blocks from the big white building on Pennsylvania Avenue.

The man who lives there now, George Bush, was somewhere out west in cactus land grubbing for votes, as was the man who thinks he ought to move in, Bill Clinton.

The big wheel up on Capitol Hill, Danny "the taxman" Rostenkowski, was going justifiably nuclear about charges that he had fiddled the House of Representatives' post office.

There was a clear field and there would have to be changes made, Ross Perot told his new television celebrity friends, Barbara Walters and Jesse Jackson; no gays and adulterers sullying his cabinet, and he didn't think much of homosexuals in the military either; no more third-rate justices like Clarence Thomas messing up the Supreme Court; no more taxes either, unless earmarked for education.

Actually, a lot of Washington was doing what it normally does in moments of supreme crisis – watching its local football quarterback on the professional golf tour in a Maryland suburb and the Indigo Girls' open-air concert in Virginia.

It was left to the wife of a decent amateur golfer to take on the invader. What Ross Perot is up to, proclaimed Marilyn Quayle, whose husband's job is under threat from the little man from Texas, "is really not the American way". You just cannot buy the presidency and then rule, she said at dawn yesterday.

Not that Ross Perot was sticking around much, leaving for Orlando to talk by satellite to supporters in five far-flung states before moving on by terrestrial transport to a barbecue he has paid for in Arkansas. That is where Bill Clinton usually lives and where chicken farming is very big.

In any case, he does not need to come to Washington to find out what is wrong with it, because a surprising number of the city's movers and shakers have taken to going to Dallas to feed him the word. Of course some of them would rather fancy a job in a Perot administration.

They include Pat Choate, whose recent book charges that Japan has bought Washington lock, stock and sake barrel; Jude Wanniski, supply-side polemicist; Lloyd Cutler, Democratic lawyer-fixer; John Steinbruner, from the Brookings Institution, the foreign policy think tank; William Seidman, Republican banking expert; Felix Rohatyn, the financier; and even Jesse Jackson, who is everywhere.

And, of course, there is Vicki Bagley, the local socialite and property whiz-turned-publisher, who came north many years back with Jimmy Carter. "I'll do anything for him, scrub floors, bring chicken, make posters," she told the Washington Post. Well, at least Ross Perot won't starve if he ever takes up residence in Sin City.

Togetherness: Ross Perot (right) meets Jesse Jackson during his quickfire visit to Washington

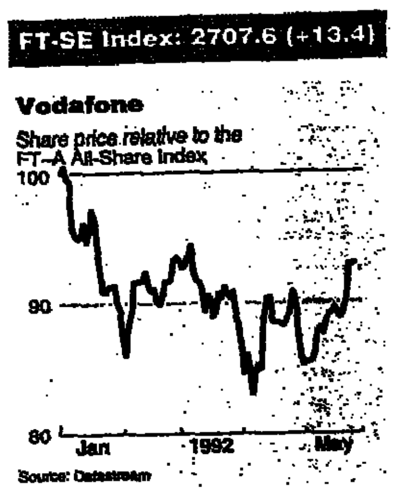
THE LEX COLUMN

Listless in London

Post-election euphoria in the UK seems to be wearing off. Investors may be in no mood to sell equities, but it is hard to see just what will provide the foundation for a new leg to the current bull market. A fresh cut in UK interest rates appears to be off the agenda for the moment, and as cautious statements from the likes of Guinness, Reckitt and Coleman, and Thorn EMI underlined this week signs of economic recovery are depressingly few and far between.

Another reason for caution, indeed, is the fact that year on year dividend growth achieved by companies in the All Share Index has dropped below 2 per cent, rather less than expectations just a few months ago. Current forecasts for 1992 earnings growth are almost certainly pinning too much on a second-half recovery, something which could well be confirmed in the next few weeks before companies go into purdah ahead of the September reporting season. The downside to shares looks limited at current levels – but it may be that US earners and defensive stocks like utilities will swing temporarily back into fashion.

FT-SE Index: 2707.6 (+13.4)



Telecoms

The mooted \$2.8bn merger of Centel, a US cellular telephone company, and Sprint, a long-distance operator, raises important questions for the world telecommunications industry, and for the UK market in particular. On the face of it, Sprint stands to merge at a valuation significantly below the market's assumed worth of Centel – hence the 25 per cent drop in the latter's share price when the deal was announced this week. The chief implication is that equity markets have been seduced by the cellular operators into seeing their subscribers as intrinsically more valuable than those of fixed-line operators. While there was an evident shortage of capacity, cellular licences probably were worth a premium. Arguably, that is no longer the case.

The UK market provides a telling example. On a rough calculation, Vodafone's £3.8bn market capitalisation values each of its subscribers at more than £5,000. By contrast, BT's fixed-line customers are worth a mere £850 apiece. Logic suggests that the recent proliferation of ways to access a dialling tone – from cable television to PCN – will cause convergence of prices and, ultimately, market valuations.

Thanks in part to regulation, it seems unlikely that BT's valuation will increase significantly. But Vodafone's 60 per cent return on capital was never likely to survive increasing competition. The implications for the company's shares are obvious, not least that the risk of hostile takeover is greatly diminished. After all, if the above thesis is correct, its £3.8bn market worth would be much better spent starting a new company.

Eurotunnel

In the week of Mountleigh and Canary Wharf perhaps nothing can be taken for granted. But if a 5p rise in Eurotunnel shares was the understandable reaction to last night's confirmation that the banks have granted a waiver, the fundamentals for shareholders have barely changed. Eurotunnel calculates that the unspecified sum released by the lenders will be spent come August/September, at which point the uncertainty begins again. Its breach of covenant may be passed off as technical – relating as it does to the margin by which projected cash flows will cover debt repayments to the year 2012 – but the banks nevertheless have the whip hand if negotiations with the contractors do not proceed according to their taste.

In this respect Eurotunnel's apparently unilateral decision to make another one-off payment of £50m to TML could be seen as conciliatory. The trouble for investors, however, is distinguishing bluff from double bluff. One theory has it that Eurotunnel is not really interested in a quick settlement with the contractors and hopes that the current arbitration procedure can be prolonged until the tunnel opening is much closer. That way the company would have a much clearer idea of costs, and could dangle an almost visible income stream alongside the much feared rights issue.

Forte/Compass

On the surface, it seems curious that Forte should be selling a contract catering business which has stood it in good stead through the recession. It is a low margin operation, however, and one which requires capital spending, especially on the in-flight catering side. The negotiations centre on a price of more than £500m which means that the sale will be scarcely dilutive and will free resources for Forte to expand into European hotels.

If its share price barely responded to yesterday's announcement, it is partly because the move has been strongly rumoured for some time. Besides, Forte's European hotel plans are still vague. The recession exposed the weakness inherent in the UK concentration of its hotel business which is in stark contrast to Queens Moat. Whether Forte can successfully hedge itself against the next UK recession depends on exactly what it manages to buy in Europe and at what price.

Compass is expected to pay some £450m for the part of the catering division it is buying. That is a large morsel which will require a hefty rights issue as well as an increase in debt that will leave it once again with negative net worth. The Forte division may represent a once-in-a-lifetime opportunity, and Compass can almost certainly squeeze out some extra margin. But the need for continuing capital spend leaves the price looking somewhat ambitious.

South Africa

After enjoying a certain rehabilitation in world bond markets, South Africa is turning its attention to international equities too. The forthcoming \$250m issue by Sappi, the paper concern, in theory offers an opportunity to capitalise on South Africa's low-cost base as well as the expected upturn in this sector.

That said, Sappi needs another two or three years to digest its recent purchase of Germany's Hannover Papier. The political risk attached to South Africa remains considerable. If its prospects are really that good, such a low-geared company might be better off adding to its debt at this stage in the cycle.

Compass to lead contract catering

By Jane Fuller in London and Nikki Tait in New York

COMPASS GROUP is poised to become the UK's biggest provider of meals in staff canteens through the £500m-plus purchase of its bigger rival Gardner Merchant from Forte, the hotels and restaurants group.

Its partner in the deal, paying between £50m and £100m, is ARA Services, a private US company whose food services interests range from provision of the traditional hot-dogs at US ballparks to acting as official caterer for the Barcelona Olympic Games.

It is expected to take Gardner's US business and enough of the UK corporate catering contracts to fend off potential problems with the Monopolies and Mergers Commission.

Mr Francis Mackay, Compass's chief executive, estimated recently that about half the UK's £1.5bn corporate catering market was contracted out. Gardner is the leader and its client list has included Cadbury Schweppes, Barclays Bank and Pilkington. It is also the biggest catering contractor in UK hospitals and schools, a market estimated at £3.3bn but where only 5 per cent has so far been contracted out.

Compass's biggest corporate customer is BT, with a catering turnover of about £50m a year.

Mr Mackay reckoned that Compass and Gardner together took about 50 per cent of the outside catering contracts, involving thousands of companies. The threshold for arousing Office of Fair Trading interest in a deal is 25 per cent for one company, and this could lead to a referral to the MMC. It is understood that Compass has had talks with the OFT.

Compass will pay roughly £450m for the bulk of Gardner Merchant, which last year made £47m operating profit on sales of £1.13bn.

About £220m of this was overseas and Mr Mackay stressed the advantages of taking Compass on to the continent.

A rights issue to raise nearly £200m to help fund the purchase is expected; the rest would be funded by debt. With its shares suspended at 492½p yesterday, Compass's market value was nearly £330m. Its annual turnover in the year to September was £321m, on which it made an operating profit of £38.1m and £32m before tax.

Forte will use the money to expand its brands internationally, including motorway catering and the Travelodge and Posthouse hotel chains. Mr Rocco Forte, chief executive, said the immediate effect would be to cut Forte's debt-equity gearing from 43 per cent to 23 per cent. Compass's offer was the most attractive of a number of approaches from UK and overseas companies concerning Gardner Merchant. A management buy-out had also been considered.

The business being acquired by Compass includes airline catering and big outdoor events. Its Town and County subsidiary, for instance, covers the Wimbledon tennis tournament.

By taking on part of Gardner's UK corporate catering business, ARA will leapfrog into second place in that market ahead of Sutcliffe, part of Peninsular and Orient. ARA, which is based in Philadelphia, had revenues last year of \$4.8bn (£2.7bn) and after-tax profits of \$64m. The business is international, with food services accounting for about half.

Deadline for Canary Wharf

Continued from Page 1

chairman of P&O, may become involved in helping to raise outside finance. P&O has been closely involved in Canary Wharf's development as owner of Bovis, the building contractor.

Mr Major yesterday underlined that the government was not prepared to increase its contribution to the Jubilee project. It had already contributed well over £1bn to docklands. His policy remained that the line would go ahead only when the owners of Canary Wharf provided the amount agreed.

Mr Dennis pointed out that the contribution which Canary Wharf said it would make to the Jubilee line was not £400m in today's money, since the payments are staggered over 25 years. The value in today's money of the contribution is between £150m and £160m.

Senior officials close to the prime minister said any flexibility in the government's negotiating position would be restricted to the timing of payments.

Mr Major is said to remain convinced that the blow to confidence in docklands delivered by the collapse of Canary Wharf will prove temporary.

Fierce attack on Dubrovnik

Continued from Page 1

including an oil embargo, against the Belgrade government – apparently with only Russia and China offering serious objections. However, neither power was expected to veto the resolution. Sir David Hannay, the UK delegate, predicted that it would be approved by a large majority by "the end of the weekend" or even today.

The resolution includes a trade ban, with the exception of medicines and approved supplies of food, the severing of all air links with Serbia, freezing of external accounts and other financial assets, reduced diplomatic ties and a halt to sporting, cultural and scientific contacts. An arms embargo has already been imposed.

Serb leaders were defiant. Mr Radovan Karadzic, head of the Bosnian Serbs, said in Belgrade, the Serbian capital, that any sanctions against Serbia would be "dishonourable, unjust and counter-productive".

In Politika, the Belgrade daily, President Slobodan Milosevic said international pressure was aimed at destabilising the new Yugoslavia, which now consists of Serbia and the tiny republic of Montenegro.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)			
Rises			
Asko Prf	710	+	35
Holzmann Ph	1180	+	22
Lufthansa	135	+	6.3
Varta	348	+	8
Falls			
Commerzbank	259	–	12
Goldschmidt	830	–	25
New York ($)			
Rises			
AMR	63⅛	+	1½
Citicorp	18⅞	+	⅜
Stone & Webstr	27	+	1⅝
USAir	12¾	+	⅝
Utd Airlines	116¾	+	2¾
Falls			
Sprint	22⅞	–	¼
New York prices at 12.30pm			
Paris (FFrs)			
Rises			
Auxil Entrepr	680	+	25
Bongrain	3340	+	65
Gal. Lafayette	2100	+	60
L'Oreal	920	+	30
Saint Louis	1339	+	42
Soc Gen de Fr	545	+	26
Tokyo (Yen)			
Rises			
Dai Ichi Hotel	1090	+	90
Heiwa	3830	+	270
Hitachi Softwr	1950	+	150
Juki	484	+	35
Mitsui Tst & Bk	854	+	62
Plas-Tech	250	+	20
London (Pence)			
Rises			
Castings	180	+	19
Danka Business	214	+	7
Eurotunnel Units	370	+	11
Glaxo	777	+	19
Gresham Telecmptg	19	+	4
Headlam	95	+	5
Hicking Pentecost	155	+	6
Hunting	191	+	11
RHM	234	+	8
Reed Executive	80	+	7
Richards plc	68	+	5
SEET	63	+	4
Southnews	104	+	10
Storehouse	142	+	5
Falls			
Blue Circle Inds	244	–	9
Costain	68	–	3
Feedback	36	–	4
Glynwed Intl	261	–	8
Harrisons & Cros	143	–	7
Lee (Arthur)	94	–	7
Pilkington	147	–	7
Skatchley	148	–	6
Smiths Inds	315	–	12
Tarmac	137	–	6

World Weather

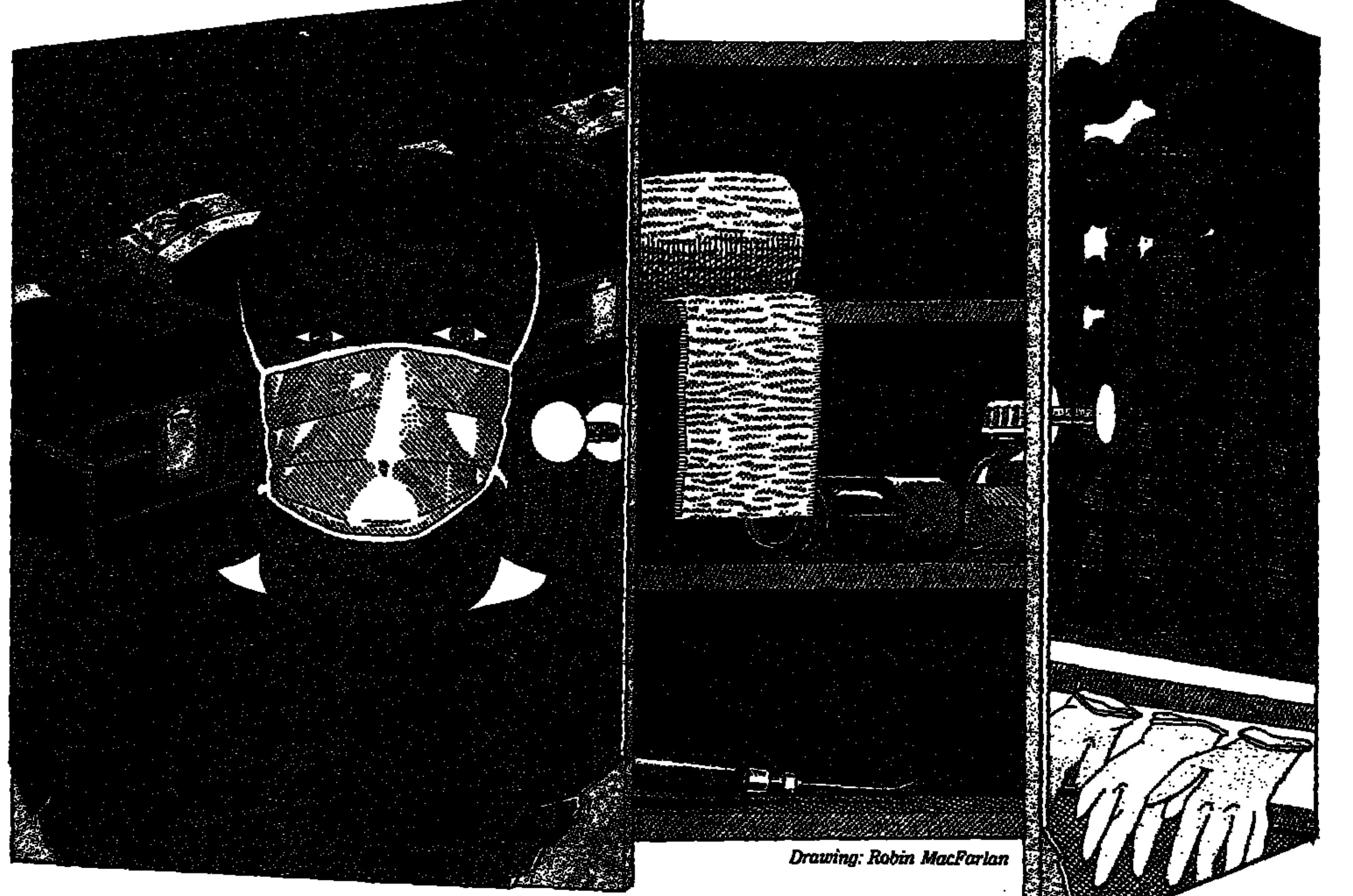
		°C	°F
Ajaccio	F	22	72
Algiers	S	29	84
Amsterdam	S	24	75
Athens	S	23	73
Bahrain	S	33	91
Bangkok	F	38	97
Barcelona	F	21	70
Beijing	S	30	86
Beirut	C	25	75
Belfast	R	13	55
Belgrade	F	25	77
Berlin	F	21	70
Biarritz	C	24	75
Bombay	F	32	90
Bordeaux	R	20	68
Boulogne	F	20	68
Brussels	R	16	61
Budapest	F	19	66
Buenos Aires		–	–
Cairo	C	31	88
Cape Town	S	17	63
Caracas	F	30	86
Casablanca †	C	22	72
Chicago		–	–
Cologne	S	23	73
Copenhagen	S	23	73
Corfu	S	24	75
Dallas		–	–
Dublin	R	14	57
Dubrovnik		–	–
Edinburgh	S	15	59
Faro	C	20	68
Florence	F	21	70
Frankfurt	F	23	73
Geneva	F	18	64
Gibraltar	F	23	73
Glasgow	F	20	68
Helsinki	S	22	72
Hong Kong		–	–
Innsbruck	C	22	72
Inverness	S	23	73
Islamabad	F	29	84
Istanbul	S	19	66
Jakarta	R	32	90
Johannesburg	S	17	63
Lisbon	R	17	63
London	C	18	64
Los Angeles †	C	17	63
Luxembourg	R	12	54
Madeira	F	20	68
Madrid	R	16	61
Majorca	C	24	75
Malaga	S	27	81
Malta	S	23	73
Manila	C	36	97
Melbourne	S	14	57
Mexico City	C	23	73
Miami †	S	26	79
Milan	R	19	66
Montreal †	S	12	54
Moscow	S	19	66
Munich	S	21	70
Nairobi	F	23	73
Naples	F	21	70
Nassau	C	31	88
New Delhi		–	–
New York †	S	15	59
Nice	F	21	70
Nicosia	S	21	70
Oporto	F	18	64
Oslo	S	27	81
Paris	F	21	70
Prague	C	17	63
Reykjavik	R	8	46
Rhodes	S	22	72
Rio d'Janeiro	C	34	93
Rome	F	22	72
Salzburg	F	23	73
S'Francisco †	C	13	55
Seoul	S	24	75
Singapore		–	–
Stockholm	S	24	75
Strasbourg	R	15	59
Sydney	F	15	59
Taipei	F	24	75
Tangier	C	21	70
Tel Aviv	S	28	82
Tenerife	F	22	72
Tokyo	C	22	72
Toronto †	S	11	52
Tunis	S	21	70
Valencia	F	25	77
Venice	F	22	72
Vienna	R	12	54
Warsaw	F	18	64
Washington †	F	16	61
Zurich	F	19	66

Temperatures at midday yesterday
† Noon GMT temperatures
C – Cloudy Dr – Drizzle
F – Fair Fg – Fog H – Hail
R – Rain S – Sunny
Sl – Sleet Sn – Snow
T – Thunder

Weekend FT

SECTION II | Weekend May 30 / May 31 1992

The cancer eating at Russia's heartland



Drawing: Robin MacFarlan

At Chelyabinsk, in the Urals, Stalin and the communists created an industrial nightmare. They built their first nuclear bomb there — and they left a legacy of pure poison, as ***Judy Dempsey*** *found*

WHEN the plane landed and switched off its engines, the passengers remained seated and silent. No one rushed to the exit doors. No one dared to challenge the formidable hostess who kept order on the Aeroflot flight to Chelyabinsk, a sprawling, grim industrial city in the Urals which Stalin helped turn into a giant factory producing tanks – and the first nuclear bomb.

Then, one by one, we descended quietly into the cold but bright daylight. Immediately, we smelt the foul, polluted air. A couple of yelping mongrel dogs raced across the runway to greet us as we walked into the dilapidated terminal building. The local hospital was in no better shape.

By the standards of others in the region, and in Moscow, District Hospital No. 1, near the centre of Chelyabinsk, was close to luxury. It was warm but the lifts were not working. The corridors were clean but the cardiographic machinery had broken down. "We need new equipment if we are to save our patients," said Vladislav Zakharov, a heart surgeon. He and his colleagues are paid about 1,000 roubles (£5) a month.

A dozen pairs of disposable surgical gloves were drying on a window sill. The hospital has no money to replace them. The supply system, controlled in the past by the central authorities, had broken down completely. "We wash the gloves out after every operation," said Zakharov.

The parents of tiny Susha Sineya were not worried about re-used surgical gloves. Their daughter, just six months old, had undergone a successful heart operation. "A vessel was worn out," Zakharov explained. Her parents live in Orsk, a military and industrial city in the south of the Urals.

"The air is bad in Orsk," said Piotr Sineya, the father, who is a taxi driver. "I suffer from headaches. But, otherwise, we are both healthy. When we take Susha home, though, we will face more problems. There is no baby food and no fresh milk. There are no guarantees that she will not fall ill again. There are no guarantees that the pollution will decrease."

In a nearby bed lay Jenni Chernyshova, a very small four-year-old who also had a heart operation. Her parents live in Orsk, too. Her father works at a military factory. Her mother suffers constantly from headaches. "Each year, I carry out between 100 and 300 heart operations on people from Orsk," said Zakharov.

Chelyabinsk, like several other industrial centres in the Urals, was earmarked by Stalin late in the 1920s to produce weapons. Large factories, surrounded by walls and security watchtowers, were built. People could leave Chelyabinsk but few were allowed to visit this closed city of 1.5m people until it was opened to outsiders in 1990.

The first reactor to refine plutonium was made at Chelyabinsk. "This was in 1949," said Alexei Kaunov, chairman of the regional authority's economic council. But in the rush to turn the Soviet Union into a giant super-power, safety standards were neglected. "Stalin was in a hurry to get there first - he wanted to compete with the United States. The US was already ahead of us by about five years. They [the US] had the money.

"The authorities dumped nuclear waste into the rivers," Kaunov added; that turned the nearby Techa river into a dead waterway. Over the years, he continued, 1.5bn curies (the quantity of radioactive substance that undergoes radioactive transformation) of plutonium had been stored, or dumped, in the region.

Kaunov went on: "In 1957, I was a 16-year-old geology student. I had been on a field trip. They had stored some of the plutonium in containers. One of the containers blew up. I saw the lights in the sky. For 30 years, nobody could speak about the accident. But everybody knew about it. Over 1,000 people had been exposed to radiation. That's why there are so many heart problems in this city.

"I remember another time. It was in 1964. Plutonium had been dumped in the Karachia lake, north of the city. It was sometime in July. That summer was very, very hot. The lake dried up. We could see the dust and the waste in the lake. They put concrete in the lake to cover up the waste. There are many other such incidents. Now, we have to try to dismantle our nuclear strategic weapons. What will we do with the waste?" That, Kaunov added, was still being dumped in Chelyabinsk.

The regional authority is still run by the former communist *nomenklatura* – grey, elderly men who cling on doggedly to power and who, in a lengthy discussion about previous Communist party policy in Chelyabinsk, conveyed no sense of shame about what had happened in the past.

"I was not in power at the time," said Piotr Necharev, head of the city council."

"But you were on the central committee for years. Surely you knew what was happening, and how radioactive fall-out affected the health of the population. Did you never think of resigning?

Necharev replied: "I was first secretary of the city council during perestroika. I was not head of the party. Now, we will adopt more humane policies." Colleague Vladimir Bagrinovtsev, a senior party member who himself had heart surgery two years ago, nodded in silent agreement.

There is little sense of life along the highway north of Chelyabinsk. Swathes of tall, lean, coniferous trees are dead while the spring, late in coming, mean there is little fresh greenery to offset the dark, bleak terrain of the Urals' landscape. We turned off the main road, passed a poultry factory and headed down a mud track towards the village of Argayash. The air was cold and damp. Our eyes were sore. "The steel mills have wrecked the air," said Alexander, the driver.

Faya, the 30-year-old manager of the local state-owned grocery store (which resembles an old, run-down dairy) said business was bad. The white, tiled walls were grey with age and neglect. Old pieces of cardboard were strewn across the stone floor to soak up the muddy boots of her few customers. The iron shelves were empty except for some tins of fish, preservatives, and bags of seeds.

"It was bad enough in the past, but at least we got a certain amount of supplies from the central warehouses," said Faya. "But now, with all the changes, the central supply system has broken down. We have to arrange our own transport to go into town and buy goods for the shop from certain warehouses. There is a shortage of petrol. Everything is very expensive."

Next door, Valentina, 43, was running the local state-owned *remont* shop, which carries out repairs and adjustments on clothes and shoes. The workshop was warm. Two other middle-aged women were using sewing machines which predated the second world war. Valentina, a softly-spoken, melancholic woman, said: "We are short of all sorts of things – thread, needles. Supplies are very irregular. During the old days of stagnation, at least supplies were stable."

Why did she and her colleagues not buy out the business? "Even if we wanted to, we have no money. All our savings have been exhausted." Despite this, she had few regrets about the collapse of the communist system although she stressed that she wanted the post-communist reforms to have some positive impact on the environment. She said the pollution and the radioactive fall-out of the 1950s probably were the reason she could not have children. "I had an operation a few years ago – for cancer. The doctors said I could never have children. I still suffer from headaches and high blood pressure. You cannot even get fresh water around here. We boil it all the time." She wiped away her tears.

Dr Grigory Nikonov is director of a sanatorium, located in woodland about 20 kilometres from Chelyabinsk. "Workers came here to convalesce," he said. "I remember some people from Chernobyl who were sent here." He explained further: "Those people who were treated here did not live around the Chernobyl plant. You know, they were sent from here – after the accident – to help with the clean-up. They were never asked. They were given no choice. We treated about 10 of those people here. They had clear signs of radiation - baldness, headaches, weakness, digestive problems."

The small, clean sanatorium was built in 1927. "It was needed even then. The air was already bad." Nikonov said the wind sometimes blew a dry, dirty dust from the steel mills in the direction of the sanatorium. "But even if the air had not been so awful, the workers would have been sent here in order to build up their strength. They lack nutrition. Their diets are terrible." So far, the sanatorium has not had cut-backs, but Nikonov is not optimistic. "I do not think the state, or the enterprises in the region which in the past subsidised us, will continue to do it in the future."

The same fear of fewer resources applies to the orphanage, which is only a short walk from the sanatorium. There, Boris Chernov, the manager, looks after 150 children. A third are from socially-deprived families, a third have been abandoned by their parents, and the others are there for health reasons. The children, aged between 11 and 17, were dressed in clean, navy uniforms. The day we visited the orphanage, some were planting flowers and seeds, others were playing in the corridors. They laughed excitedly when they heard a foreign visitor had arrived.

"Financing and obtaining supplies are the two most pressing problems we face today," said Chernov, who has been director of the orphanage for two years. "We are already beginning to lack the essentials – not only chairs and laundry but nutrition for the children, which they desperately need."

Back in Chelyabinsk, the reforms had failed to dislodge the *babuska* – those awesome, vigilant women who preside over each hotel floor. Ours asked for our hotel pass before she gave us our keys. A stocky, no-nonsense lady who, over the decades, clearly had been fed on a diet of starch, she could not explain why the bedrooms had no hot water, why cockroaches infested the bathroom, and why you could not get tea in the mornings. But, when asked, she promptly ordered a taxi to take us to the airport at 4 am the next day.

Even at that hour, it was was pandemonium. Hundreds of people were milling around, waiting to buy non-existent tickets to Moscow – still seen as Russia's Mecca. The air was thick with the smells of dogs, stale alcohol, and sweat. Nor had the reforms managed to get rid of the special waiting room for foreigners – a world of incredible comfort far removed from the din, grime, and chaos of the rest of the terminal. It was certainly welcome – but also a place designed to give the unsuspecting foreigner a false sense of reality.

We were ferried to the 'plane by special bus. Then, those hapless citizens of Chelyabinsk who had been lucky enough to secure tickets rushed across the runway and scampered aboard. When all the seats were filled, those without them (seat allocations are fictional on internal flights) stood near the main exit door, drinking beer and clinging on as the aircraft rose over the smoke-shrouded city and headed westwards.

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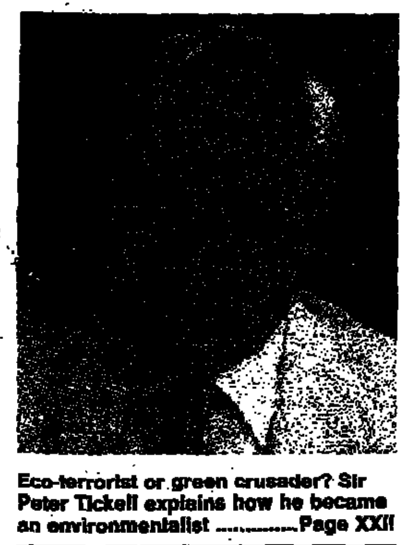


Eco-terrorist or green crusader? Sir Peter Tickell explains how he became an environmentalist ....Page XXII

The Long View/**Barry Riley**

Going for the jugular

WHENEVER I meet Fringe Freddie, I know I am going to start worrying. It's catching. Either he is getting ready for the biggest boom ever known, or the biggest crash. A quiet life never comes into it. Right now, he is in one of his apocalyptic phases.

I occasionally run into Freddie at slightly offbeat investment seminars. These are, I must emphasise, perfectly respectable occasions – nothing at all like those international gatherings in places like Monte Carlo or Acapulco where every weird investment prophet and nutty newsletter editor in the world is gathered. They rant at geriatric American investors who can be persuaded to pay $5,000 to enjoy two days of skilful manipulation of their only remaining emotions of greed and fear – in between naps, of course. Freddie is in his element in those places. But he can once in a while come in from the fringe.

The previous time I bumped into Freddie, he was heavily into global weather patterns. *El Nino* was developing again in the South Pacific. I gathered it was some kind of surface warming effect which kills all the fish off South America and then spreads drought and famine across large areas of the globe. Freddie's eyes lit up at the thought. He was going heavily long of agricultural commodities on the Chicago markets. Potatoes would be like gold dust.

This week, I dropped into a seemingly harmless seminar on long-term cycles and was buttonholed by Freddie again at coffee time. *El Nino*? He seemed to have lost interest in Pacific sea temperatures. Evidently, those futures contracts had drifted out of the money. Now he was into N.T., which he patiently explained was Nostradamus Theory. Did I know that a new team of Nostradamus analysts had finally cracked the mystery of the old mystic's code? Future disasters were being set out on an accurate timetable so that those investors in the know could take maximum advantage.

I said I was a bit hazy about Nostradamus, although I was aware that the *International Harry Shultz Letter* had confessed to an error in its last issue. Apparently, the catastrophic Californian earthquake it had forecast on an interpretation of Nostradamus for May 8 1992 was wrong; it should have said May 8 1993. San Diego would still slide into the sea, but a year late. You had better not go to Disneyland about that time, either.

Possibly Freddie twigged that I was not taking him entirely seriously, but he pressed on. Did I not realise that the US economy was twice as debt-ridden as it had ever been? Was I not aware that the Japanese financial system was already technically insolvent, and that there were exact parallels between the Wall Street slide and subsequent American slump from 1929 onwards and the Toyko market slide beginning in 1990? Had I not noticed that Germany . . .

Look, I said, I knew some of the numbers didn't look too good, but the global economy was still growing and over the years I had read more than my fair ration of books by gloom and doom merchants. As far back as 1984, the Kondratieff Wave theorists had been forecasting an imminent slump. In fact, the world stayed in a long boom. Then there was Ravi Batra, who made a fortune out of *The Great Depression of 1990*. However, there was no depression in 1990, just a recession in 1991, while Wall Street in 1992 is hitting all-time highs. Britain's own Lord Rees-Mogg, taking time out from cleaning up television, had got in on the act with a co-authored financial spinechiller called *Blood in the Streets* and, when that proved premature, managed to get out a sequel called *The Great Reckoning* earlier this year. It had all been good for royalty receipts but not for credibility.

Freddie was distinctly unimpressed. Hadn't I seen what was happening to property values worldwide? Or the 60 per cent collapse of what had been the world's biggest stock market in Tokyo? Or the dreadful economic slump in eastern Europe? What was happening in western stock markets was just the last gasp of the old order.

What I had missed, he said, becoming more excitable by the minute, was the importance of the combination of the 54-year Kondratieff Wave with the seven- to 11-year Juglar cycle, not to mention the intermediary Kuznets cycle. After all, the Kondratieff could last as long as 60 years: what did 1932 plus 60 add up to? Put all the cycles together and you could have a triple whammy for the early 1990s.

This was all getting beyond me, although I murmured that I remembered that Batra had discussed something called the Jugular Cycle in his book. Either his spelling was wrong or he was talking about blood in the streets, too. I wished Freddie had stuck to his Peruvian fish famine.

I should never have got back to the weather. Global warming, apparently, was the latest theme to arise from N.T. Why, Nostradamus himself had warned that a great tide would arise in a second Great Flood and the hot wind would blow as from hell itself. The date? Well, the interpreters hadn't quite decided yet, but it wouldn't be very long.

We should be selling all energy stocks on the grounds that governments would soon be doubling gasoline taxes and banning emissions. Commodity markets would be transformed as food crops were devastated. By now the gleam was really back in his eyes. The long-term punter should be buying land at least 10 metres above existing sea level, waiting for values to soar as millions were driven out of beachside settlements by the advancing waters. Except in California, of course, which was all going to slide into a geological fault . . .

I made an excuse and left. The Freddie Cycle was clearly testing its low point. But, in my experience, it never stays down for long.

London Markets

Touch wood, we're past the trough

By Peter Martin, Financial Editor

JUST AROUND the corner from the FT's offices in Southwark, a noticeboard outside a reconditioned office block proudly boasts that it is now 25 per cent let. When a letting rate that would once have been a confession of failure is touted as a sign of success, you do not have to take the river bus to Docklands to realise just how grim is the outlook for London's property market.

Curiously, the property crash appears to have had little wider impact on UK financial markets. When the administrators moved into Canary Wharf on Thursday, for example, the effect on shares was negligible: the FT-SE index closed down only 4.4 points. The impact on the banks has also been surprisingly muted. Since the property market peaked in late 1989, property shares have halved against the All-Share, but bank shares have risen nearly a tenth in relative terms.

Along the way, there seems to have been no great correlation between the two indices: downward lurches in property shares have left the banks unaffected. On the whole, their shares have moved pretty much in line with the market as a whole, reflecting the view, presumably, that the performance of the banks' loan books depends on the overall health of the economy, rather than any individual sector.

The worst damage to the banks' balance sheets has been done by the thousands of small business bankruptcies, particularly in the service sector. In such cases, there is often little in the way of assets to back up a loan, and hence little prospect of getting much of the money back. From this point of view, the most significant economic news of the past week – as reported by one big bank finance director yesterday – is that loan problems among his small business customers seem to have bottomed out in the first quarter.

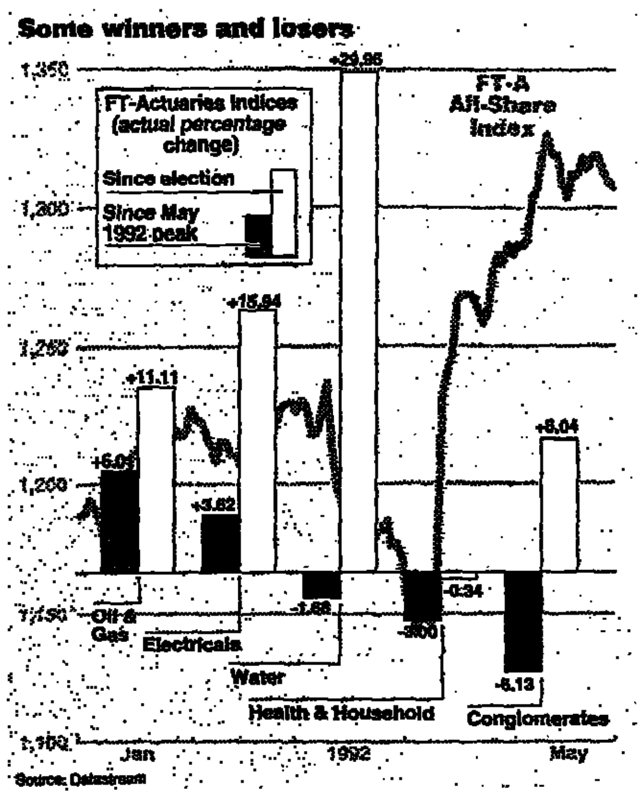
Treat that view with caution, because that is the way it was offered: indeed, the director concerned clutched the wall as soon as the words had left his mouth, in an effort to touch any piece of wood within reach. Still, his comments can be added to the increasing evidence that a slow, faltering recovery began for much of the economy towards the end of the first quarter.

The latest macro-economic support for that view came in the trade figures, out on Tuesday, which showed a sharp pickup in imports. S.G. Warburg's economists, mulling over the surprising way in which imports have been rising while the economy has continued weak, offer as one explanation the possibility of an unexpectedly large rebound in output in the current quarter, now two-thirds completed.

Simultaneously, however, they revised their forecast of gdp growth for the year down again, to growth of 0.2 per cent. That implies that the consensus forecast of 0.8 per cent growth this year, given in an FT survey of City and academic forecasters published on Thursday, may already need downward revision.

The two sides of the new market consensus on the recovery – that it has probably already started, but that it will be hard to distinguish with the naked eye from the recession that preceded it – probably account for the continued retreat of share prices from their mid-May peak. Since May 11, when it reached a new record of 1326.36, the FT-Actuaries All-Share index has dropped 1.1 per cent, closing yesterday at 1311.79. The chart alongside show some of the ingredients of the surge that followed the election and the subsequent correction.

Some winners and losers



The most striking bar on the chart shows the water companies' shares: they have risen by slightly under a third since the election, easing off a trifle since the market peaked. Other sectors where there was a particularly marked contrast between performance in the market's two most recent legs are also shown on the chart. Conglomerates, for example, has dropped so much in the past few weeks – 6 per cent – that they have almost wiped out their immediate post-election gains. Health and Household, dominated by the big pharmaceutical stocks, has actually fallen since the election, dragged down by a 3 per cent fall since May 11. This represents a slightly unpromising environment for the big Wellcome share sale, for which a first prospectus (a "pink herring" rather than a red herring, in investment-banker's jargon) will be published next Thursday.

Two sectors where performance in the past couple of weeks has bucked the general downward trend include Electricals, up nearly 4 per cent since May 11, and Oil and Gas, up 6 per cent. The oil shares have done particularly well since the unexpected success of the Opec countries in reaching agreement on output at their meeting in Vienna on May 22. North Sea oil prices reached $20.45 a barrel on Tuesday, the highest price since December.

Analysts wondered whether the Opec agreement represented a fundamental shift in Saudi oil policy, towards the price hawks and away from its traditional preference for volume rather than price. As usual, Saudi Arabia's motives could be interpreted in any number of ways. Since early April, when the oil shares began their run, Shell have risen 18 per cent, and BP 12 per cent.

An account of the week would not be complete without a note of one of its less-spectacular insolvencies. Belling and Co, the privately owned cooker manufacturer, passed into receivership on Friday. The sad event is more than just the triumph of the microwave; in its hey-day, the company sent out Baby Bellings in their thousands to the bedsits of Britain. For a generation of greying veterans of the 1960s, another part of youth has slipped away. And who's got my copy of *How to Cheat at Cooking?*

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1992 High	1992 Low	
FT-SE 100 index	2707.6	-7.4	2737.8	2382.7	Poor trade figs/Canary Wharf news
Barclays	375	-17	410	285	Property exposure/analyst downgrade
Blue Circle	244	-20	294	217	Cautious comment
Body Shop Intl	295	-33	371	293	Downgrades after results
BP	273½	+11½	304	239½	Higher oil prices
Enterprise Oil	443	+21	458	359	Higher oil prices
Ex Co Louisiana	81	+9	88	25	Good well test results
Fairline Boats	325	-109	448	323	Interim loss
JS Pathology	153	+38	155	92	Company in talks with buyer
Kingfisher	559	-16	582	438	B & Q price cuts
Midland Bank	417	+12	419	204	HSBC and Lloyds bid hopes
RHM	234	+10	260	197	Bid speculation
SmKline Beecham A	915	+25	977½	793	US buying
Tesco	276	+9	296	215	Upbeat AGM report
United Friendly B	382	+22	382	305	Pension fund stake sale

Serious Money

Chancellor hits the jackpot on Peps

By Philip Coggan, Personal Finance Editor

NORMAN Lamont has not had an easy time of it during his 18 months as chancellor of the exchequer. But this week, at least, he can reflect that he did something right.

Reduce unemployment? No sign of that. Defeat inflation? Not yet. His crowning achievement was to increase the limit on unit and investment trust personal equity plans.

Now, this might not strike you as a matter for public rejoicing. But in the last three weeks of April, around 230,000 people opened a unit trust Pep.

What spurred this enthusiasm? It cannot have been the mouth-watering returns enjoyed by recent unitholders. An investor who bought the average UK growth fund in May 1987 will have seen a return of just 16.9 per cent; those who took the plunge in May 1989 will have made a measly 4.5 per cent.

One might think that such failings would have led to a rationalisation of the industry and a leaner, more competitive business. Not a bit. There are more funds than ever and annual management fees have tended to drift up from 1 per cent to 1.5 per cent. Indeed, performance over the past five years has got worse while charges have increased. Anyone would think unit trusts were a public utility.

It could simply be the tax breaks that spurred the April rush. But have investors considered this factor carefully? For most, the capital gains tax exemption in a Pep is academic. As for income tax, the yield on a typical UK unit trust is probably 4 per cent. So, a basic rate taxpayer would have to pay a quarter of that in tax, or 1 per cent. On the maximum £6,000 investment, the tax saving is thus £60 a year. Useful, but hardly enough to start a stampede.

Why, having said all this, was the rule change still the right thing for Norman Lamont to do? For a start, the previous Pep regulations were a dog's breakfast. The government was convinced that investors had to experience "real capitalism" – in other words, the ownership of individual shares. Collective funds do not offer the same direct link to company fortunes.

The result of the rules was, however, a two-tier system. Rich investors transferred their existing holdings into a Pep so they could build up a substantial tax-free portfolio over time. Good news for them, but of limited use in the cause of wider share ownership.

Everyone else was stuck with managed Peps where the charges often outweighed the tax breaks and the holdings were too small to permit proper diversification. Add the effect of sluggish stock markets over the past few years and it is small wonder that so many Pep investors have been dissatisfied.

That there was ample demand for a full £6,000 collective fund Pep was demonstrated by a loophole in the rules. Investment trust new issues qualified for the full allowance, and a host of launches in 1991-92 appealed successfully to the Pep investor: M&G alone raised £376m.

Investment trusts have much to offer the private investor, but there will always be some who prefer unit trusts. The open-ended nature of unit trusts means that investors can always sell at asset value; investment trust shareholders (and especially those who bought in a new issue) must worry that the shares will move to a discount.

In addition, the borrowing powers of investment trusts may enhance investor returns in bull markets but can lead to serious problems in recessions, as can the unquoted elements of some trust portfolios. Ask the investors in Ensign or Drayton Consolidated.

To be fair to the unit trust industry, some managers are showing signs of altering the charging structure. Murray Johnstone has slashed the initial charge to 1 per cent on its range of funds while Gartmore has abolished the charge altogether on its UK Index fund.

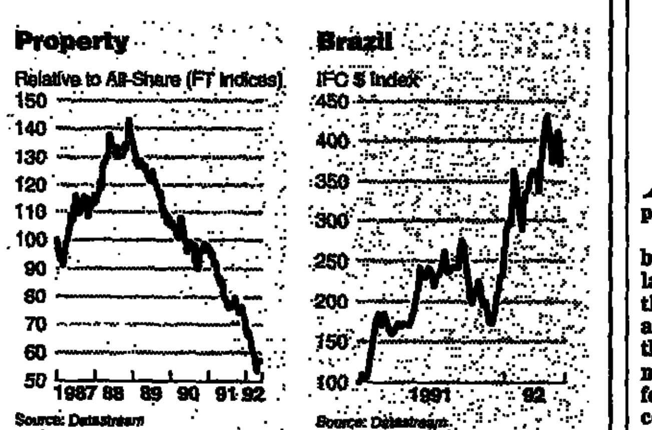
Others would follow suit if private investors showed some initiative. At the moment, groups have very little success in selling trusts directly; most are sold through independent financial advisers and salesmen, many of whom pocket the 3 per cent commission that makes up the bulk of the initial charge.

If investors did their own research in the unit trust field (via the specialist publications which print detailed performance figures, and by ordering managers' reports), or if they sought out a fee-based adviser, that would enable more trusts to reduce their charges. But charges are a secondary issue to performance. Unit trusts need desperately to make their investors some money.

History certainly suggests that the past five years of poor performance has been an aberration. Statistics can be used to prove anything; according to the Unit Trust Association, someone who invested £500 a month in a unit trust Pep for the past 25 years would now have over £1.7m. That sounds good – except that the number of people able to invest £500 a month 25 years ago could probably have been assembled in a garden shed.

Nevertheless, it seems likely that, come May 1997, most of those investors who have bought unit trust Peps recently will feel satisfied. The UK market might look a touch overvalued at the moment, but using a savings scheme avoids the difficulty of investing at the top of the market. And it will help Norman to feel he has achieved something.

AT A GLANCE



Property shares hit by 'Canary factor'

People living in London who want to know the reason for the property sector's awful performance need not look far. Canary Wharf and its now infamous tower are not owned by a quoted company, but their troubles this week inflicted further damage on a sector which has been out of favour for more than three years. Olympia & York's problems were the most spectacular, but Mountleigh's decision to call in the receivers also knocked shares elsewhere in the sector.

Dispute rocks Brazil market

Brazil's stock market has recently been soaring. Then, on Monday, it fell 7.4 per cent during the morning session, in reaction to the feud between President Ferdinand Collor De Mello and his younger brother Pedro over alleged drug abuse. The markets then cooled somewhat as the president denied the charges. UK investors have still shown great interest in the Brazilian market recently: for example, Latin American Securities' $62.5m Brazilian Investment trusts began dealing on May 12.

N&P launches Tessa

National & Provincial launched a new guaranteed Tessa this week. The interest rate of 9.7 per cent gross is fixed over the full five year period. Savers in the guaranteed Tessa will have to commit £8,200 upfront, £3,000 of which will be put straight into the Tessa. The remainder will go into a feeder account, paying the same rate of interest and will top up the Tessa to its maximum at the beginning of each year. Transfer or closure in the first year will incur six months loss of interest.

N&P says that an investment of £8,200 in its guaranteed Tessa will be worth £12,493 after five years, compared with £11,479 for the same amount in a National Savings Capital Bond. The Capital Bond, paying a fixed rate of 10.75 per cent on its series D issue if held for five years, is taxable.

New trust from Lloyds

Lloyds Investment Managers has launched a new investment trust savings scheme linked into four trusts: First Spanish; German; German Smaller Companies; and Lloyds Smaller Companies. Monthly savings start from a minimum of £50 and lump sums from £500 on initial purchase (£250 subsequently). There will be a transaction charge of 0.2 per cent on all purchases, and a £10 selling fee.

Meanwhile, Save & Prosper is launching a new unit trust on June 13 which will invest in a selection of 20 blue-chip shares. Capital Portfolio requires a minimum investment of £5,000. The initial charge is 5.5 per cent with an annual management fee of 1.25 per cent. There is a 1 per cent discount on the offer price of units from June 13 to July 3 and the trust can be held in a Pep at no additional cost.

Smaller companies skip a beat

The post-election rally in small company shares came to a halt this week. The Hoare Govett Small Companies Index (capital gains version) fell 0.2 per cent from 1312.73 to 1309.3 in the seven days to May 28, while the County Index also dropped 0.2 per cent from 1040.48 to 1038.23 over the same period.

Correction

The Institute of Financial Planning's telephone number is 0432-274891, and not the number printed in the last edition of the Weekend FT.

Wall Street

A takeover line that hasn't found favour

A QUESTION: how much is your house worth? Answer: What someone is prepared to pay for it.

This economic saw has long been used to illustrate the laws of supply and demand in the real-world market place, and the limited use of fancy, theoretical valuations to determine what something will fetch. But it had some very contemporary relevance for Wall Street this week, in a case which rings another warning bell over the elevated state of the stock market.

On Wednesday night many of America's finest brokers' analysts, as well as some prominent institutional investors, went into apoplexies over the sale of a company at a price far lower than their collective wisdom deemed it worth.

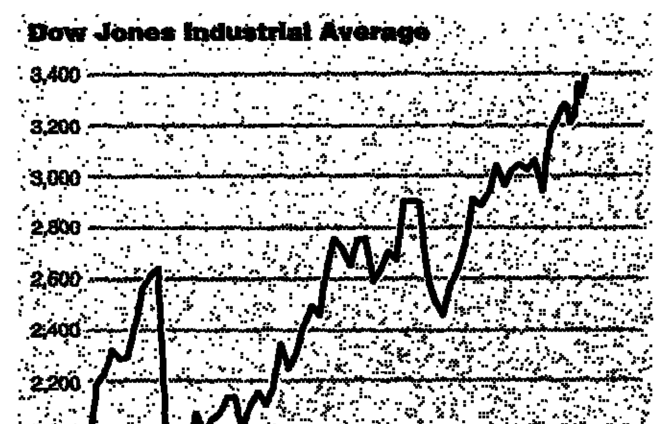
The property is Centel, a big, Chicago-based local and cellular telephone company, which agreed to be taken over by Sprint, America's third largest long-distance carrier, which also has significant local telephone interests.

The deal has a lot of industrial logic, for the US telecommunications industry is rapidly consolidating, thanks to technical, regulatory and financial change, as well as international competition. Smaller players, such as Centel, risk being left behind.

But all this was drowned out in furious condemnation of the deal's terms. The idea is for Sprint to give Centel's investors 1.37 shares in it for every Centel share they own. Trouble is, on the basis of Sprint's price at the time the deal was announced, this values Centel stock at a mere $33.56. That compares with the $42.5 at which the shares traded immediately before the announcement. Some analysts estimate that the company could be worth more than $50 a share.

Jack Frazee, the Centel chairman who put the company up for auction, at the start of this year, said in his defence that he had tried to get a better price, but this was all Sprint was prepared to offer. While other companies were interested in buying some bits of Centel, it appears no one else wanted the lot.

Critics reply that no deal is preferable to one at this level, which they claim will benefit only Frazee, who stands to be combined group president.



The battle is far from over. Centel needs the approval of more than half its shareholders for the merger, and they may well block it. Another, higher bidder could emerge, although the most likely candidate, local telephone group GTE, is already digesting two other large deals.

It is not particularly easy for analysts to value local US telecommunications companies, partly because of the changing regulatory climate, and partly because the cellular telephone part of the business is immature, but growing rapidly.

Even so, it is extraordinary for a company to be sold at a price so much at variance with market expectations, which suggests either that Centel's management is giving the company away, or that the analysts' sums arewrong.

So far, Wall Street plainly believes its own: the prices of other local phone companies, particularly cellular ones, dropped after Centel's announcement, but not too sharply.

This is only a storm in a telecommunications tea-cup, but it comes at a time when some of the more cautious analysts are expressing renewed concern about the fancy valuation of stocks generally – even as the Dow Jones industrial average flirts with an unprecedented 3,400.

The price/earnings ratio on the Standard & Poors 500 index stands at more than 25, high by historic proportions, although the ratio between the dividend yield on stocks and on 30-year Treasury bonds remains much more normal.

The bull market is predicated on the assumption that the US economy is picking up steam. This week brought further evidence, in the form of strong figures for car sales and consumer confidence.

Yet there are straws in the wind to suggest a market correction, or at least a marking of time, may be at hand. One is a spate of cancelled offerings of shares - albeit many of them in the troubled bio-technology sector - and the apparent acceleration of other flotations in case investors' appetites weaken.

Bull market corrections sometimes occur when the interest rate cycle turns from easier money to tighter conditions, and leaks from the Federal Reserve suggest it has put on hold, at least for now, its former "bias towards easing."

Couple that with growing Presidential election uncertainty, and there could be a considerable twinge of doubt about the real worth of the desirable property known as corporate America.

Martin Dickson

Monday	Closed	
Tuesday	3364.21	– 22.56
Wednesday	3370.44	+ 6.23
Thursday	3398.43	+ 27.99

The Bottom Line

Hard-hit insurers claw their way back

THE SHARES of UK composite insurance companies, so-called because they underwrite a mixture of general and general life business, are back in favour among investors after 18 months in the doldrums. Or are they?

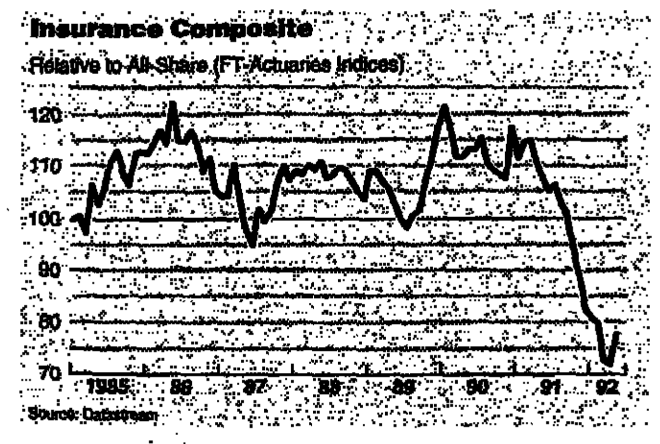
Between January 1991 and March 1992, the prices of the five major composites slid downwards, underperforming the market by some 30 per cent. But in the four weeks following the general election, they outperformed the FT All-Share index by more than over 15 per cent, a record second only to the more politically sensitive water stocks.

No one doubts that insurers, perhaps more than most sectors, have benefited from a general shift in mood in the post-electoral period, with the rise in the stock markets shoring up their balance sheets. But opinion in the London market is divided sharply.

Bulls point to the clear signs that the companies are beginning to stem the large underwriting losses in the UK which sent the sector spinning into the red in 1990 and 1991. Premium increases introduced across the board over the past year or two are now beginning to have an effect on the bottom line as more and more policies are renewed at prices which are often 50 per cent higher.

Tom Bennett, an analyst with Banque Paribas Capital Markets, believes rising profitability will fuel an upward movement in prices. Although there will be hiccups, the stocks will move upwards with the sharpest rises during the weeks in which companies report their annual and interim figures.

Stressing the severity of the industry's recent difficulties, and the extent of the shake-out and withdrawal of capacity, he says: "The earnings background is improving and will continue to improve for some considerable time."



Companies such as Royal Insurance and Guardian Royal Exchange, which have seen their balance sheets hit worst, have reduced the amount of insurance they underwrite and are now more selective about the type of business they undertake. Royal, Commercial Union and General Accident all showed reduced underwriting losses when they reported first quarter results earlier this month.

CU, the most successful and best-managed company in the sector, has felt confident enough to raise capital on the markets. Two weeks ago, it was successful in placing a £100m preference share issue, the first significant capital-raising exercise by any general insurer since the early 1980s.

On the other hand, some analysts are more cautious. Recently John Chester, of S.G. Warburg, warned that although the rising stock market would replenish the asset base and dividend-paying capacity of insurance companies, "expectations of a massive trading improvement" were "premature."

Chester says it is "probably unwise" that concerns about the housing market have abated. Housing problems left Royal and Sun Alliance with heavy underwriting losses as a result of claims on mortgage indemnity policies.

Bears suggest that the decline in the asset bases of the composites over the past two to three years will undermine significant long-term recovery. During the 1980s, composite insurers typically traded at a discount to net asset value, and it is suggested that the recent fall in prices may reflect a longer-term re-evaluation by the market.

Although linking share prices to asset values is problematic because of difficulties in calculating the latter (analysts dispute how the asset values of the life insurance component of the composites should be assessed) more cautious observers believe that asset values are a more reliable guide to pricing than the upturn in the upturn in the insurance cycle.

"The stock market has not woken up yet to exactly how much money these companies have lost," concluded one bear.

Richard Lapper

Why this may be the time to turn green

Worried about the rainforest, pollution, gambling, alcohol and the arms race? No need for the Samaritans. New and positive forms of ethical investment are at hand, reports Scheherazade Daneshkhu

WOULD it cost you the earth to go green? Even if you do not have pro-environmental views, the Earth Summit, which opens on Wednesday in Rio de Janeiro, could have substantial effects on the growth and performance of many companies.

There was a time when political and/or moral sensibilities held some investors back from the stock market – some thought it ideologically incorrect to invest in capitalist fat cats, others found the ethics of large companies too questionable. Companies involved in South Africa and the arms trade were among the favourite taboos.

One way around this for those without ideological objections to stock market investment, but with scruples about where to invest, was to put money into "ethical" funds, which took off in the 1980s. Friends Provident was the pioneer; its Stewardship Unit Trust avoided companies involved in armaments, South Africa, gambling, alcohol and tobacco. With £105m under management, the fund is easily the largest ethical.

But fashions have changed again. Debate on environmental problems, backed by laws geared towards cleaning the planet, produced a new breed of "green" funds towards the end of the 1980s.

It has led to "positive" investment by ethical investors – instead of people choosing stocks by refusing to invest in certain companies on ethical grounds, they can now pick companies which contribute to the environment. Some investors, of course, will continue to invest negatively by vetoing companies with a bad environmental record.

Choice of green funds is still limited but most are to be found in the unit trust sector, with a smattering of investment trusts and some pension and insurance funds.

Homeowners, the friendly society, has a Green Chip growth bond and StartRight, its children's savings plan, has a green option.

■ **What is "green"?**

There are two main ways to invest environmentally. The first is to choose companies which follow environmentally-friendly policies. The second is to select companies which produce goods and services for cleaning the environment, such as waste disposal companies.

The first green fund was a unit trust launched by Jupiter Tarbutt Merlin in December 1988. It has since added an investment trust. Merlin selects companies whose products and manufacturing processes are not causing excessive harm to the environment. It also looks at the management's record on these issues.

In its latest bulletin, it highlights National Westminster Bank, which has an environmental management unit, for "reviewing its entire lending portfolio for potential liabilities in its attempt to achieve effective environmental risk management."

The object is different at Commercial Union, which launched its environmental investment trust in April, adding to its environmental unit trust and pension fund.

It tries to identify stocks which will be beneficiaries of the green revolution and has mainly chosen small companies, involved in specialist goods and services for the green market. The largest proportion is in the US where environmental legislation is stricter than in Europe. Companies include makers of air filters or water purifiers. This is a clear shift away from companies which are demonstrating environmentally friendly behaviour in their own operations.

'I can't see what a bank does that makes a positive contribution to the environment'

The main reason for the shift is performance. "You can't mix emotion with investment," said Peter Foster, marketing manager at Commercial Union.

Eric Hathorn, research director at Henderson Crosthwaite, private client stockbrokers, which is recommending the new trust, agrees. "We have to make money for our clients. Commercial Union has gone for those companies which provide services to improve the environment. The money they make out of that is good environmental profit."

Clerical Medical, which has insurance, pension funds and a unit trust in this field, tries to marry the two main criteria for stock selection. Like Commercial Union, it chooses companies involved in the environmental field but does not include companies whose proudction process has adverse environmental effects.

While National Westminster, the Royal Bank of Scotland and the Bank of Ireland have committed themselves to the protection of the environment, Hill says: "I can't see what a bank does that makes a positive contribution to the environment. Companies such as Shell and ICI have vast resources but there are still parts of their operations which could not be considered environmentally friendly."

The investment route chosen is very much a matter of personal choice for the green investor. But interested investors should ask fund managers to state their investment criteria because there is the risk that a green fund may not be the right shade throughout.

For example, Ethical Investment Research Information Service, which screens companies for private investors to see whether they meet ethical and environmental criteria, identified companies involved in water pollution.

It then looked at green funds to see what percentage of their portfolio was invested in the identified companies. Those funds with high avoidance rates were NPI Global Care Unit Trust (97 per cent), Ethical Investment Fund run by Bromige & Partners (92 per cent), Equitable Ethical Unit Trust (89 per cent) and Clerical Medical Evergreen, but TSB Environmental Investor Fund had only a 14 per cent avoidance rate.

TSB does not claim to avoid companies causing water pollution but some green investors may assume that that this is a necessary condition for an environmental fund.

■ **Performance**

Reliable performance measures are difficult to establish.

James Capel, the broker, produces a green index which covers 30 stocks, including the Body Shop, British Polythene and water companies such as Severn Trent and Wessex. The index starts at 100 on December 30 1988 against a FT-SE 100 rebased, also to 100, for the same date.

At May 15 the green index stood at 136.06 against 145.52 for the FT-SE 100. The figures for the previous year May 17 1991) are 118.55 for the green index and 136.55 for the rebased FT-SE 100.

"The green index has shown growth of 17.2 per cent against 9.4 per cent for the Footsie over the past 12 months," said Roger Hardman, co-author of the James Capel Green Book.

"On the two year view, the two indices are bang in line." Hardman believes the outlook is good for green companies. "For companies with exposure to the environment, new markets are opening up and existing ones expanding."

Environmental unit and investment trusts

Fund	Launch date	Fund size (m)	1 year Growth (%)	1 year Ranking
Unit trusts (offer to bid, income reinvested)				
CIS Environ	1990	£7.5	9.9	6/159
Clerical Med Evergreen	1990	£7.1	-14.1	148/159
CU Environmental	1989	£10.1	-7.6	
Eagle Star Environ Opp	1989	£8.1	14.7	6/142
Merlin Jupiter Ecology	1988	£8.6	0.6	30/159
NPI Global Care	1991	£1.3		
Sovereign Ethical	1989	£5.3	4.6	52/145
Target Global Opps	1987	£5.5	-3.4	63/159
TSB Environ	1989	20.3	7.5	27/145
Investment trusts				
Merlin Int Green	1989	£27	10.1	5/18
CU Environmental	1992	£17.5		

Source: Finstat, figures to 1 May 1992

He believes companies which are not environmentally conscious are going to find their operating costs increasing as tighter environmental legislation is introduced. "If you are producing toxic waste, charges to get rid of it will increase and your profits will be hit."

Nevertheless, there are very few points at which the green index has overtaken the rebased Footsie and, when it has, the outperformance has been short-lived and fractional.

In a paper on environmental investment produced last autumn, KPMG, management consultants, found the performance of green funds "uninspiring."

"Both green and ethical funds tend to be heavily weighted in favour of smaller companies, which have been hit hard by the recession, and by high interest rates in particular," it wrote.

"Furthermore, many of their stocks in the waste management and environmental services sectors were over-rated at the time of purchase. However, there are signs of improvement."

One of the main problems affecting performance is that there are still not enough investors, according to Commercial Union's Peter Foster. Its investment trust, launched last month, has £17.5m under management but this was mostly placed with institutions because there was not enough interest on the retail side, according to Foster.

"There is about £100m in green funds in the UK but this actually is not a lot of money. People like the concept of a green fund but when it comes to putting their hands in their pockets, they are less keen," he said.

This is particularly true of green pension funds. Large companies are, perhaps understandably, reluctant to commit too large a proportion of money set aside for employees' pensions in such a small market. "Returns have been respectable on our unit trust and the pension fund has not done badly, but there have been bigger returns elsewhere," said Foster.

Henderson Crosthwaite's Hathorn believes that a contributory factor limiting the size of green funds was, ironically, the sudden interest in green companies. "The share price of companies spending on the environment went through the roof and that is not the best way to increase the size of the fund." He, too, believes the outlook is good.

'Green funds are limited in their choice of suitable stocks'

Green funds are limited in their choice of suitable stocks. This, and the fact that many tend to be small companies, has resulted in these funds being volatile in performance. "We try to counteract the volatility by making our fund international because there are not enough British companies for us to choose from," said Clerical Medical's Peter Hill.

The Evergreen trust holds about 50-60 stocks, half of which are in the US. The rest are evenly divided between the UK, Japan and Europe. The unit trust has shown a decline of 8.1 per cent in the year to May 1 against a 4.2 per cent decline in the FT-A World Index over the same period.

"The Gulf crisis made the price fall and it has been a process of slow recovery ever since," said Hill. "But it has tracked the World Index closely throughout that period and since it is a volatile trust, that 4 per cent differential can appear and disappear quite quickly."

Jupiter Tyndall Merlin also complains of volatility but says it is taking less risks to give a more balanced performance. The size of the Ecology unit trust dropped from more than £10m last autumn to £8.6m today, after one of its large institutional holders decided to withdraw.

"We used to be heavily in the US market, but when the dollar weakened against the pound, we were at a disadvantage," said Clare Brook, fund manager at Merlin.

Its environmental research unit is seeking out companies for good profitability. "We have also tried to identify the greens among the blue chips," said Tessa Tennant, head of Merlin's the research unit. "We found that many of the companies that had a good environmental record were also good performers in their sector. For example, Argyll came out top in food retailing, Wessex in water and Manweb in electricity."

For the future, along with other fund managers, Clerical Medical's Hill takes a very positive long term outlook. Events such as the Rio summit should put pressure on governments, in the US and West Europe, at least, to promote measures for the protection of the environment. The process is slow, which is why green investors need to be patient, he said.

"The legislation is passed, and it takes time for the government to allocate resources," said Hill. "It may not be until two or three years later that you get opportunities occuring so that private companies can then compete for those opportunities thrown up by the legislation."

The cynical may find it too long to wait and there would be no point in trying to persuade them otherwise, since green funds have not performed well.

But the arguments for future growth are both logical and persuasive. They have convinced Citibank which says green companies are becoming profitable. It thinks the time is right to launch a green fund and is launching an insurance fund which will be managed by Jupiter Tyndall Merlin and is offering a pre-launch bonus allocation from June 1 to June 12 to coincide with the Earth Summit.

This may be the time for investors attracted by green funds but worried about performance, to be less reticent.

SIB shakes up investment industry

John Authers on the proposals which have emerged from the 13-month review of UK regulations

PERHAPS it is appropriate that a thorough review of retail investment regulation in the UK should create a mountain of paper. This week – after 13 months and three separate consultative documents, each of which provoked rather more than 100 closely argued submissions from interested parties – the Securities and Investments Board (SIB) announced the final version of its proposals for disclosure and quality of advice. By comparison, reading the small print on a life policy would be easier.

The consultative process had been so exhaustive that Thursday's announcement produced few surprises. Such changes as there were tended to move in favour of the life insurance industry and against the expressed wishes of consumer groups.

Only a few hurdles remain. The proposals will need ministerial blessing and should be enacted by the end of this year. Product providers would then have a two-year transitional period before the proposals on "client-specific" disclosure need be fully operative. This should allow their computer systems time to adapt to the new challenges.

In spite of several climbdowns, the proposals could still have a big impact on sales of investment products in the UK. Alert investors will be in a much better position as, perhaps more importantly, will be financial novices.

As they stand, the proposals are centred around the simple "key features" document which must be presented to clients before a sale. This should be brief (able to fit on a page of A4 paper) and should sum up the main points of a particular product.

The main recommendations for the content of the key features document, and SIB's other measures, can be summarised as follows:

■ **Surrender Values**

SIB's proposals have been watered down, which is rather disappointing. One of the casualties was a proposal to make product providers reveal the "break-even year" in which the amount investors would receive on surrendering a policy would exceed the total premiums they had paid. On some 25-year policies, this point might not come for 10 years; but SIB decided to abandon the idea because the timing of the break-even point is affected strongly by investment performance.

SIB has, however, insisted that if this point is likely to come after more than five years, this must be spelt out. And the proposal should go some way to preventing first-time buyers who fall into arrears on their mortgages from surrendering their endowments and then finding they have actually lost on the deal – something that has happened often over the past two years. Indeed, SIB has improved on the present position by requiring that projected surrender values for each of the first five years must be printed next to the total amount that would have been paid in premiums at each point. This makes clear to investors that they could make a loss.

■ **Effect of Charges**

The "reduction in policy proceeds," which SIB planned to make companies publish as an illustration of the effect of costs on investment returns from life policies, could now be renamed "reduction in benefits." It will still be expressed as a reduction in terms of the number of pence per pound spent on charges, and it will remain a crucial addition to the present misleading "reduction in yield" calculation.

RIY is valid actuarially and will continue to be shown but, as expressed now, it is misunderstood widely. It shows the number of percentage points which would be knocked off a given yield by an office's expenses. This makes big reductions in yield look tiny. For example, a 1 per cent RIY on an endowment would deter nobody. But this actually means a reduction of 1 percentage point from a yield of 7 per cent. SIB now insists that this should also be expressed as a deduction of 14p in every £1.

There is still some fine detail to be worked out here, and the Association of British Insurers still does not accept that RIY was not sufficient if explained clearly. But it has pledged to work to make the new disclosure workable.

In spite of several climbdowns, the proposals could still have a big impact on sales of investment products in the UK

■ ***Charges in Illustrations***

This particularly arcane topic ended up causing some of the most furious arguments. SIB has decided that when illustrating projected maturity values, life offices can assume that their costs will be in line with the industry average even if their costs are, in fact, much higher.

Earlier in the consultation process, it had proposed "own charge" illustrations. Such a move obviously would have encouraged greater competition over cost. But SIB reached what it admits was a marginal decision to maintain average charges because attention might have been diverted from the even more important issue of investment return. The decision also was swayed because even some low-cost offices (which might have been expected to benefit) were worried that the system could be abused.

■ ***Commission Disclosure***

Yet another apparently technical issue could be the hottest political potato in the package. SIB is against mandatory disclosure of the precise incentives an independent financial adviser (IFA) has been given by a product provider. The Office of Fair Trading disagrees.

The FT's criticisms of the commission system for advisers are well known and Sir David Walker, the chairman of SIB, has made clear that he agrees. Unfortunately, though, there are some good reasons why commission disclosure might not be a good idea.

First, Sir David points out that information about the total impact of costs is more important for an investor than the amount of commission, which is just one (rather large) part of this. Then, there is the problem of the "level playing field."

Most direct sales forces are paid by commission, but it is not difficult for companies to introduce incentive schemes or performance-related pay of some form so that salesmen appear to be salaried. SIB has, therefore, given up on forcing them to reveal commissions, as it feels this would not be enforceable.

It would be unfortunate if a cowboy salesman could claim he was paid less commission than a reputable and experienced IFA. Thus, for the good of the independent sector, SIB decided commission disclosure would be unwise. This is, at best, a sad decision. As the OFT disagrees with it, the issue could end up being settled by ministers.

■ **Warnings**

Endowments must now carry cigarette box-style warnings, although these have been diluted somewhat from original suggestions – such as "Warning!" and "Danger!" – to the less pejorative "Be Careful!" This should go some way to preventing a repeat of the ill-thought-out plans many couples made in 1988.

■ **Status Disclosure**

It will now be much harder for the "white socks brigade" of sales representatives, tied to the products of only one company, to pass themselves off as impartial advisers. SIB is requiring that a company's tied status is advertised prominently on its premises, and is also mentioned in both mortgage and "image" (a la Scottish Widows) advertising.

Stationery and business cards will now need to be in the following form: "Joe Bloggs represents only General & Munificent for [the products in question]."

■ **Standards of Advice**

This elusive concept is difficult for regulators to control. It is more or less impossible to regulate what an unscrupulous salesman says during a face-to-face interview. But SIB has come up with a promising method for keeping tabs on the advice investors have been given: the "reason why" letter.

Advisers will be required to send a letter explaining why they have made particular recommendations. This should enable investors to spot improper advice before a sale has been completed. If realisation dawns only later, the letter should be valuable evidence in showing that best advice was not given.

This will be required both for taking on long-term commitments and for relinquishing them, which should go some way to stamping out dubious advice on surrendering life policies or transferring from company pension schemes.

Many issues remain suspended in mid-air. Sir David's irritation at the overselling of endowments, and support for fee-based advice, remain clear. But little can be done about this without addressing the issue of regulatory scope.

Banks and building societies are not within SIB's remit, which makes it harder to establish a "level playing field" with Tessas and deposit accounts, or to regulate fully sales of mortgages. That will have to be decided after Sir David's departure for Lloyds Bank. After this review, though, he seems certain to leave an industry better geared to the consumer's interests than it was five years ago.

FINANCE AND THE FAMILY

Diary of a Private Investor

My property-free portfolio

THIS week's announcement that receivers have been called in at Mountleigh – one of the UK's largest property groups – and that Olympia & York's Canary Wharf development is in the hands of administrators. did not come as much of a surprise to me. As a private investor, I sold my last property share in 1989, although, over the years, I have made some useful profits from the sector.

In December, 1985, my wife bought shares in the property group, Stockley, paying 69p per share. We liked the quality and design of its buildings, which seemed to indicate good rental levels, especially its development at Stockley Park, near Heathrow Airport.

In May, 1987, my wife accepted Mountleigh's takeover offer for Stockley, taking the cash option of 135p per share, rather than Mountleigh shares or loan notes.

Reading the takeover documents, I was struck by Mountleigh's numerous property-dealing transactions. Could Mountleigh maintain the tremendous flow of property deals in the future?

The documents also showed that Mountleigh had a subsidiary, Mountleigh Air Services Ltd, involved in air-charter activities. Did this mean the company had executive jets?

Unless a company has a worldwide spread of interests, I consider ownership of a corporate plane rather like a luxury yacht – a signal to sell the shares.

Whether or not Mountleigh had a private aircraft, I did not bother to find out, since at that time I was also concerned that some property companies and City institutions were playing "pass the parcel" with shares and property. One company or institution seemed to acquire a property and then quickly sell it on to another, which, in turn, added a bit to the price and sold it on. What would happen if the game stopped and no one wanted to accept the parcel?

Prices, too, seemed to have reached rather unrealistic levels. It was thoughts like these that saved me from making huge losses in the stock market crash of October 1987 – since I had heavily reduced my share portfolio in the summer of that year.

It is interesting to look back at other examples and see some of the disasters I avoided. At various times in 1986 I bought, for my personal pension scheme, shares in Dares Estates at prices ranging from 12.5p to 15.5p. I sold most of them, in several stages in 1987, achieving 40p to 71p per share. I disposed of my remaining Dares holding in 1989 for 30.5p

per share. Dares shares are now less than 2p each.

After the Stock Market crash of 1987, I avoided property shares for a while, but then did some selective stock-picking in 1988, buying (again for my pension scheme) shares in companies like Priest Marians, Warringtons, and Mowat.

However, by June 1989, I was concerned about the effect of high interest rates on heavily borrowed property companies and the massive rises in uniform business rates on commercial property in London and the south of England. Just walking around London, it seemed obvious that there were a lot of empty offices and shop premises. I therefore sold my property shares.

I was fortunate, for example, to be able to dispose of my Mowat shares for 43p each. Now they are 7.5p.

Over the past few years, various people have promoted property shares, claiming that prices had fallen to such low levels that it was now time to go "bottom fishing". I ignored such blandishments.

I still believe property prices (and shares in property companies) are likely to fall further. Why? Just look around you. Who needs all the empty office space when companies are busily cutting staff?

Many companies in the financial services sector, such as insurance, are looking rather sickly, and it may take further rationalisation and mergers to save some of them. Again, this means cutting down on paper-pushers in offices.

As to other property: if Lloyds takes over Midland (or if there are further building society mergers), there could be a glut of bank and building society premises on the market.

Look at the average high street. How many of the shops are boarded up, occupied by charity organisations, or let on very short leases? Quite a lot.

Who wants to be a shopkeeper? My wife has shares in Burton Group, mainly to get the shareholder discount on her purchases in Debenhams. This week, she received Burton's interim statement. If you exclude Debenhams, and divide the trading profits of all the other shops (Principles, Top Shop, Dorothy Perkins, Burton, Champion Sport, Evans, etc) by the number of outlets of those shops, it produces less than £2,000 profit per outlet. And that is before interest charges. Hardly an encouragement to anyone to embark on massive store openings!

As far as the housing market is concerned, I feel that many people have unrealistic price expectations for their properties. The problems at Lloyds will affect upmarket house prices; and, while so many people are unemployed or fearful of losing their jobs, then fewer lower-price house moves will take place. The minute economic prospects improve and unemployment is reduced, many of the people who have delayed moving may flood the market with their homes, which could again keep prices depressed.

But are house prices depressed enough? Why are homes in France and much of the US lower than in the UK? Surely it cannot be due to higher UK wage levels, but to over-optimistic evaluations.

As with shares, I believe that property does not have intrinsic value. The true value of a property, or a share, is not its book value, but whatever someone is genuinely prepared to pay for it, or, taking a short-term view, what a gullible bank is prepared to lend against it – but that is another story . . .

Kevin Goldstein-Jackson

NS strategies

***Philip Coggan** looks at the new fixed-rate products*

TAKING an income from fixed-rate National Savings products is a complicated process. After I had, in a recent article, made all the calculations for the 36th issue of certificates, the department promptly cancelled it. So, I went back to my calculator and worked out the figures for the latest issue, the 37th.

It should be emphasised that these certificates are not designed to offer income; they offer the best returns to those who hold them for the full five years. Nevertheless, many people are unable to wait that long.

It is possible to create an income stream by cashing the certificates in successive years. The 37th issue pays 5.5 per cent on the first anniversary; 6.2 per cent in the following year; 8 per cent in year three; 9.4 per cent in year four; and 11 per cent in the final year, for an overall return of 8 per cent per annum. (No income is paid on certificates cashed in *before* the first anniversary.)

Unlike the 36th issue, the 37th allows for a maximum investment of £7,500 (£15,000 for couples), although you can re-invest old certificates up to a further £10,000. But before attempting any of these strategies, investors should check to see if they can get a better return elsewhere.

According to Colin Jackson, of Baronworth Investment Services, a return of 8.46 per cent is available on a £7,500 guaranteed income bond. Since basic-rate tax is deducted from GIBs, basic-rate taxpayers will be better off buying them than using National Savings. The certificates are really only suitable vehicles for higher-rate taxpayers who want income.

Strategy one is designed to produce a level income and leave the capital intact. By cashing £550, £525, £475 and £450 of certificates in successive years, the investor can get an income of between £574 and £595 a year. In the fifth year, he or she is left with £5,500 of certificates. These mature with a value of £8,081.72, leaving the investor to take £581.72 of income and £7,500 for re-investment.

The average tax-free income has been around 7.8 per cent a year, compared with the 8 per cent compound total return which would have been received by leaving the money in for the full five years. In essence, the investor has given up £600 of return to get the income.

Strategy two is designed to produce a steadily-growing income by cashing certificates worth £500, £500, £475 and £475 in successive years. The income will grow from £527 after year one to £655 after year five. Again, the full £7,500 is left for re-investment.

What about non-taxpayers? They will be interested primarily in the new series-D capital bonds which pay a gross 10.75 per cent if held for five years. (Taxpayers should note that they are taxed each year on the assumed income from these bonds, even if they do not cash the bonds until the end of year five).

Strategy three is designed to generate a steady income by investing £10,000 in the capital bonds. By cashing £950, £875, £800 and £725 of bonds in successive years, the investor can receive an income of between £1,014 and £1,034.

At the end of year five, he will be left with certificates with a face value of £6,650, which will mature for £11,080. He can take the £1,080 as the final year's income, leaving £10,000 for re-investment. But the investor would have received around £1,500 more if he had left in the money for the full term.

Strategy One

Year	Capital retained (£)	Units encashed (£)	Income received (£)
1993	6,950	550	580.25
1994	6,425	525	588.25
1995	5,950	475	574.77
1996	5,500	450	595.70
1997	n/a	5,500	581.72

After taking income in 1997, £7,500 is left for reinvestment. Total return £2,920.66; if initial investment had been retained, then £3,520.52.

Strategy Two

Year	Capital retained (£)	Units encashed (£)	Income received (£)
1993	7,000	500	527.50
1994	6,500	500	560.21
1995	6,025	475	574.77
1996	5,550	475	628.80
1997	n/a	5,550	655.19

After taking income in 1997, £7,500 is left for reinvestment. Total return is £2,946.47. If full amount had been retained for five years, return would have been £3,520.52.

Strategy Three

Year	Capital retained (£)	Units encashed (£)	Income received (£)
1993	9,050	950	1,018.40
1994	8,175	875	1,014.92
1995	7,375	800	1,017.93
1996	6,650	725	1,034.90
1997	n/a	6,650	1,080.02

After taking income in 1997, £10,000 is left for reinvestment. Total return £5,165.67. If initial capital had been invested for the full term, total return would have been £6,661.88.

BEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/ term	Minimum deposit	Rate %	Int. paid
INVESTMENT A/C's and BONDS (Gross)						
Scarborough BS	First Post	0800 590578	Instant	£1,000	10.4%	Yly
Cheltenham & Gloucester BS	London Share A/C	0800 717505	Instant	£2,500	10.40%	Yly
North of England BS	Edinburgh A/C	031 220 6991	Instant	£25,000	10.75%	Yly
Chelsea BS	Premier A/C III*	0800 272505	30.9.94	£10,000	11.75%	Yly
TESSAs (Tax Free)						
Allied Trust Bank		071 626 0879	5 Year	£9,000	12.68%	Yly
National Counties BS		0372 742211	5 Year	£3,000	12.00%	Yly
Exeter Bank		0392 50635	5 Year	£250	11.25%	Qly
West Bromwich BS		021 525 7070	5 Year	£150	11.60%	Yly
HIGH INTEREST CHEQUE A/Cs (Gross)						
Caledonian Bank	HICA	031 556 8235	Instant	£1	9.50%	Yly
UDT	Capital Plus	0734 580411	Instant	£1,000	9.40%	Qly
Chelsea BS	Classic Postal	0242 521391	Instant	£5,000	9.75%	Yly
				£10,000	10.00%	Yly
				£25,000	10.50%	Yly
OFFSHORE ACCOUNTS (Gross)						
Woolwich (Guernsey) Ltd	Intl Gross	0481 715735	Instant	£500	9.50%	Yly
Yorkshire Guernsey BS	Key Ninety	0481 719698	90 Day	£50,000	10.75%	Yly
Yorkshire Guernsey BS	Key Extra	0481 719898	180 Day	£50,000	11.35%	Yly
Bristol & West Intl Ltd	The Intl Premier	0481 720609	6 Mths #	£25,000	10.90%	Yly
C&G Channel Islands Ltd	Guernsey Bond	0481 715422	1 Year	£10,000	10.30%	OM
GUARANTEED INCOME BONDS (Net)						
Consolidated Life FN		081 940 8343	1 Year	£2,000	8.30%	Yly
CCL Assurance FN		No drct sale	2 Year	£5,000	8.30%	Yly
Prosperity Life FN		0800 521546	3 Year	£15,000	8.45%	Yly
Consolidated Life FN		081 940 8343	4 Year	£2,000	8.15%	Yly
London & Manchester FN		0392 282300	5 Year	£2,000	8.25%	Yly
NAT SAVINGS A/Cs & BONDS (Gross)						
	Investment A/C		1 Month	£5	8.50%	Yly
	Income Bonds 9.25% wef 18.6.92		3 Month	£2,000	10.25%	Mly
	Capital Bonds D		5 Year	£100	10.75F	OM
NAT SAVINGS CERTIFICATES (Tax Free)						
	37th Issue		5 Year	£25	8.00%F	OM
	5th Index Linked		5 Year	£25	4.50% +Infln	OM
	Childrens Bond B		5 Year	£25	10.9%F	OM

* = Rate fixed until 1.10.92. # = after 6 month qualifying period. This table covers major banks and Building Societies only. All rates (except Guaranteed Income Bonds) are shown Gross. Fixed = Fixed Rate (All other rates are variable) OM = Interest paid on maturity. N = Net Rate. B = Bond.
Source: MONEYFACTS, The Monthly Guide to Investment and Mortgage Rates, Waterhams House, Stalham, Norwich. Readers can obtain a complimentary copy by phoning 0692 582808.

The Week Ahead

Boots, the retail and pharmaceutical company, is expected on Thursday to announce a rise in annual pre-tax profits from £345m to about £360m, excluding property disposals. Attention will be focused on margins at Boots The Chemist, and on attempts to turnround Halfords and Do-It-All.

Thames Water, largest of the privatised water companies, may announce an increase in annual pre-tax profit of less than £20m, to £230m or so, next Tuesday, while the dividend increase is expected to be 10 per cent. As its area is one of the worst affected by drought, its views on metering will be of interest. It will also be questioned on progress on its £4bn capital spending programme, including the London ring main.

Siebe, the engineering and controls group, is likely to be questioned closely on North American trading next Wednesday. Optimists are forecasting a modest advance in annual pre-tax profits from £159m to £162m, with the more pessimistic pitching for a decline to £150m. Both parties agree strong cash generation is likely to have cut the high gearing.

Reed International, the publishing and information group, reports its annual results on Wednesday, with some analysts expecting a small decline compared with last time's pre-tax profits figure of £218.5m. However, Reed is expected to show strong growth once the recession is clearly over.

De La Rue, the the UK-based security printer and payment machine maker, is expected to report pre-tax profits of about £80m, up from £58.9m, when it announces annual results on Tuesday. The group which has been successfully turned around by Jeremy Marshall, chief executive and formerly of Hanson, has successfully managed to cut out more costs. These profits would represent 32.1p of earnings and analysts expect the dividend to increase from 13.7p to 15p.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £ms**	Bidder
Prices in in pence unless otherwise indicated					
BHH ‡	36*	35	34	21.34	IM Group
Cronite	45*	45	29	7.31	AFE SA
Dowty	183	178	145	455.98	TI Group
IRG	140	127½	127½	20.18	Barlo Group
Micrelec	147	141	113	19.54	Meggitt
Midland	440‡	415	372	3.45bn	HSBC
Morland	477	485	485	101.3	Greene King
Penny & Giles	377	364	235	36.38	Bowthorpe
Worcester ‡	225*	223	188	60.50	Robert Bosch

*All cash offer. ††Cash alternative. §For capital not already held. ‡Unconditional. **Based on 2.30 pm prices 22/5/92. §§Shares & cash. ‡ Based on local price.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Andrews Sykes	Mar	1,200	(1,320)	1.2	(3.2)	4.4	(4.4)
ATA Selection	Dec	400 L	(41)	-	(0.16)	-	(1.0)
Babcock Int'l	Mar	50,100	(48,700)	6.94	(6.58)	3.15	(3.0)
Blacks Leisure	Feb	3,700	(3,500)	9.82	(11.6)	3.35	(3.25)
Blystad	Dec	4,100 L	(290 L)	-	(-)	-	(-)
Body Shop Int'l	Feb	25,200	(20,040)	8.8	(6.7)	1.8	(1.22)
British & American	Dec	1,270	(1,230)	34.4	(32.5)	15.7	(9.3)
Callyns	Mar	53	(711)	-	(13.9)	11.5	(11.5)
Caskel	Mar	2,060	(212)	1.9	(0.4)	0.5	(0.2)
Castings	Mar	4,460	(4,120)	14.7	(13.3)	4.07	(3.72)
City of London PR	Mar	521	(609)	4.78	(4.9)	3.18	(3.09)
Clarke Nickolls	Dec	727 L	(7,200 L)	-	(-)	-	(-)
Dartmoor Inv Tst	Apr	3,060	(3,690)	11.5	(13.8)	11.2	(10.8)
Drayton Blue Chip	Mar	1,120†	(-)	8.68	(-)	8.4	(-)
Drayton English	Apr	1,690†	(2,690†)	0.71	(3.16)	1.2	(3.2)
East Surrey Holdings	Mar	5,540	(3,910)	38.7	(26.6)	9.56	(8.0)
European Colour	Mar	46	(463)	0.33	(1.21)	0.65	(0.65)
Fitzwilton	Dec	200	(10,400)	-	(7.11)	3.5	(3.5)
Fleming High Income	Apr	2,500	(2,100)	5.88	(5.77)	5.8	(5.75)
Gartmore American	Mar	-	(-)	4.26	(4.12)	4.0	(3.7)
Geevor	Mar	12,870 L	(1,430 L)	-	(-)	-	(-)
Halls Homes	Dec	7,200 L	(2,900 L)	-	(-)	-	(-)
JMD Group	Dec	89 L	(1,110 L)	-	(-)	-	(-)
Kitty Little	Dec	308 L	(167)	-	(0.19)	-	(0.575)
Lyons Irish	Mar‡	7,870	(6,400)	48.9	(39.0)	17.2	(14.9)
Macdonald Martin	Mar	8,600	(6,380)	41.9	(39.7)	8.8	(8.0)
Mercury Asset Man	Mar	65,100	(56,400)	25.4	(22.8)	11.5	(10.0)
Mezzanine Capital	Mar	3,150	(3,450)	13.88	(15.8)	14.5	(14.5)
Mid Kent Holdings	Mar	7,200	(-)	31.7	(-)	9.5	(-)
Monks Inv Tst	Apr	5,760†	(5,810†)	7.43	(7.48)	6.7	(6.7)
New Throgmorton	Mar	4,100	(4,100)	7.14	(8.02)	6.75	(8.0)
North West Water	Mar	230,000	(214,500)	57.9	(54.3)	19.67	(18.0)
PCT Group	Dec	1,170	(1,100)	13.8	(16.8)	7.0	(6.4)
Rolfe & Nolan	Feb	1,390	(1,450)	15.9	(17.7)	6.2	(5.6)
Sale Tilney	Nov	4,450 L	(9,620 L)	-	(-)	-	(-)
Scottish Power	Mar	259,900	(162,600#)	25.2	(13.1#)	10.13	(-)
South West Water	Mar	90,000	(88,200)	66.1	(65.8)	21.7	(20.0)
TDS Circuits	Feb	921 L	(2,140 L)	-	(-)	-	(-)
Thorn EMI	Mar	255,100	(268,600)	48.5	(54.1)	30.1	(29.3)
Trimoco	Mar	578 L	(2,500)	0.2	(1.68)	1.0	(1.4)
Warburg (SG)	Mar	166,300	(135,200)	49.9	(41.8)	18.0	(16.0)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
ABI Leisure	Feb	1,300	(1,140)	1.57	(1.57)
Acatos & Hutcheson	Mar	3,630	(2,800)	2.5	(1.75)
Archer (AJ)	Mar	267	(708)	2.2	(3.15)
Ashley Group	Feb	6,670 L	(8,010)	0.375	(0.75)
Benchmark Group	Dec	1,750 L	(4,950 L)	-	(-)
Carlton Comms	Mar	49,400	(46,270)	6.7	(6.1)
Chrysalis Group	Feb	987 L	(2,900 L)	-	(-)
Cosalt	Mar	778	(1,010)	4.25	(4.25)
Drayton Recovery	Apr	594†	(-)	2.0	(-)
Fairline Boats	Apr	613 L	(2,100)	3.575	(7.15)
Kelsey Inds	Mar	119 L	(1,110)	8.0	(8.0)
MEPC	Mar	58,600	(67,400)	5.25	(5.25)
M&G Group	Mar	19,900	(18,200)	9.0	(8.25)
Millwall Hldgs	Nov	1,100 L	(1,530 L)	-	(-)
Radio Clyde	Mar	1,110	(707)	3.25	(3.25)
Richards	Mar	61	(433)	1.07	(1.07)
Scottish Inv Tst	Apr	6,420	(5,490)	1.6	(1.5)
Sheldon Jones	Dec	663 L	(44)	-	(1.35)
Smart (J)	Jan	1,580	(1,840)	2.3	(2.15)
Sycamore Hldgs	Mar	314	(113)	-	(-)
Warner Estate	Mar	3,650	(3,930)	3.5	(3.25)
Wolves & Dudley	Mar	16,520	(15,760)	4.3	(4.1)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss. ‡ = Figures quoted in Irish pounds & pence. † = Net revenue. # = Pro forma figures.

RIGHTS ISSUES

Betacom is to raise £8.4m via a 3-for-4 rights issue at 18p.
Dartmoor Investment Trust is to raise £8.05m via a 1-for-5 rights issue at 122p.
Europa Minerals is to raise £3.97m via a 9-for-4 rights issue at 5p.
TLS Range is to raise £760,000 via a 1-for-3 rights issue at 15p.

OFFERS FOR SALE, PLACINGS & INTRODUCTIONS

Sheldon Jones is to raise £2.15m via a placing & open offer of £2.45m convertible loan stock to be issued at par.

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Allied Colloids	Tuesday	0.8	2.7	0.88
Anglian Water	Thursday	5.8	11.7	6.3
Atkins Group	Tuesday	3.6	6.0	3.6
Boots Co	Thursday	4.1	7.5	4.3
Borthwicks	Monday	0.5	0.5	0.5
Bristol Evening Post	Monday	3.75	7.75	3.75
Cheam Group	Monday	1.0	4.0	3.5
Chester Waterworks	Monday	-	-	-
CML Microsystems	Wednesday	-	2.9	-
Cullens Holdings	Monday	-	0.5	-
Dart Group	Thursday	1.2	1.8	1.3
De La Rue	Tuesday	3.25	10.5	3.5
Dunhill Holdings	Tuesday	2.6	4.4	2.75
EFM Income Tst	Friday	-	-	1.2
Electric & General Inv Co	Friday	1.5	1.5	1.5
Hicking Pentecost	Monday	0.6	1.65	1.2
High Gosforth Park	Tuesday	-	16.0	-
IWP Int'l	Thursday	2.5	3.5	2.75
Leigh Interests	Tuesday	2.4	8.24	2.48
Mid Southern Water	Friday	-	83.9	-
Norcros	Thursday	3.5	3.5	3.5
Powell Duffryn	Tuesday	6.6	16.0	6.6
Property Partnership	Friday	2.45	4.35	2.5
Reed International	Wednesday	5.0	10.0	5.25
Rowlinson Securities	Thursday	0.24	1.11	0.24
Siebe	Wednesday	5.5	11.0	6.05
600 Group	Thursday	1.5	1.0	1.0
Somic	Friday	-	1.0	-
St James Place Capital	Wednesday	1.5	1.5	1.5
Thames Water	Tuesday	6.0	11.5	6.4
TR Property Inv Tst	Monday	0.8	0.85	0.8
URS Int'l	Thursday	-		
INTERIM DIVIDENDS				
Carrs Milling Industries	Friday	1.0	2.9	
Devenish (JA)	Tuesday	1.2	5.05	
Eurocopy	Tuesday	1.1	2.9	
Faber Prest	Monday	4.3	4.3	
Hunterprint Group	Tuesday	-	-	
Metro Radio	Tuesday	1.5	3.5	
Midlands Radio	Monday	1.5	1.0	
Perpetual	Tuesday	0.8	2.4	
Sturge Hldgs	Wednesday	5.5	11.0	
TSB Channel Islands	Tuesday	3.45	5.2	
Turkey Trust	Wednesday	-	5.0	
Westland Group	Monday	1.25	2.75	

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.

Investing in . . . Australia

Tarnished image gets a polish

John Authers examines prospects down under

AUSTRALIA has earned itself a bad reputation as a staunchly protectionist economy. With the irritating exception of the Ashes, it seems to have imported hardly anything in recent years.

It is the kind of economy which allowed a few entrepreneurs to get very rich very quickly but the strong, consistent growth favoured by more cautious investors has eluded it. And sentiment there has not been helped by a series of spectacular crashes among the high-profile entrepreneurs; Alan Bond, the British-born businessman behind the country's America's Cup triumph who was sentenced to prison this week, was only the latest addition to this list.

Australia's market is dominated by companies from two sectors, industrials and resources, and shares are traded tightly. None of this seems conducive to steady profits for UK investors and, indeed, fund managers have not rushed to offer Australian exposure to clients.

Only two new Australian unit trusts have been launched in the past 10 years and there are only eight funds in the entire Australasian sector.

Reluctance to rush into Australia is supported by the performance of these funds. They have miserably underperformed their rivals; over five years, only three have increased in value at all.

The average performance for the sector over this time period is a drop of 9.4 per cent, according to Finstat.

Performance by "Far East excluding Japan" funds, many of which include Australasia, has been somewhat more impressive – but most of their growth has come from the South-East Asian newly-industrialised countries (or Nics) such as Hong Kong, Singapore and South Korea. At first sight, then, there is little reason to expect a permanent change for the better in Australia.

Following the ousting of prime minister Bob Hawke by Paul Keating in December, its politics now resemble one of the television soap operas it exports with such success. Keating's behaviour since, including his familiarity with the Queen during her visit, has done nothing to foster a feeling of stability.

Because of its geographical position, Australia is also influenced heavily by market movements in Japan. The Nikkei Dow's precipitate fall in the first three months of this year seems, therefore, to give further good reasons for avoiding the land down under.

But there is optimism in the air, thanks to Australia's plans to end its economic isolationism. Since its commodity exports can no longer be relied upon to finance support for other industries, the nation is opening up. Some commentators believe it has little choice.

The economy underwent a round of deregulation under the Hawke government while economic links with South-East Asia have been fostered through organisations such as the Asia Pacific Economic Co-operation group.

While treasurer, Keating subjected the economy to the kind of fiscal rigour familiar to Britons who have lived under Margaret Thatcher. The banks' prime lending rate hit 20.5 per cent at the end of 1989 and the beginning of 1990, and has since been pruned in stages to 10.75 per cent. Possibly pushed by declining interest rates, the Australian stock market had a good year in 1991 and the All-Ordinary index rose 23 per cent.

Growth has been more muted this year but some fund managers feel very optimistic. These are led by NM, which manages the most successful unit trust in the area.

NM Australian has grown 97.6 per cent over the past five years, according to Finstat, and by 383 per cent over 10. Its nearest rival, Schroder Australian, has managed growth of 156.8 per cent in the decade.

In many ways, NM's success is attributable to the position of its parent company, which is Australia's largest life group. But this does give the company's views some weight when it reveals grounds for cautious optimism.

According to Victor De Lorenzo, NM Australian's fund manager, there are a number of positive factors in the investment outlook. These include Australia's inflation rate, which is now at its lowest level for 30 years and unlikely to rise sharply. Core inflation is running at approximately 3 per cent per annum, according to NM.

Despite this, De Lorenzo says there is no significant evidence of a squeeze on margins and these are expected to stabilise once demand stops falling. Corporate earnings might be set for a strong rebound over the next two years.

De Lorenzo sees potential from market valuations for a 10-15 per cent rise in industrial shares over the next six months, and evidence that Japanese prices have now hit the bottom also bolsters optimism.

He admits, however, that definite signs of profit recovery have yet to emerge and that the strength of the economic recovery is uncertain. This is a view echoed by Fidelity; its house view is optimisitic, but cautiously so.

According to Fidelity: "It should become clearer over the next few months that the economy is well on the way to recovery. Higher earnings' estimates and continuing low inflation should help the market to return to the uptrend which began in 1991."

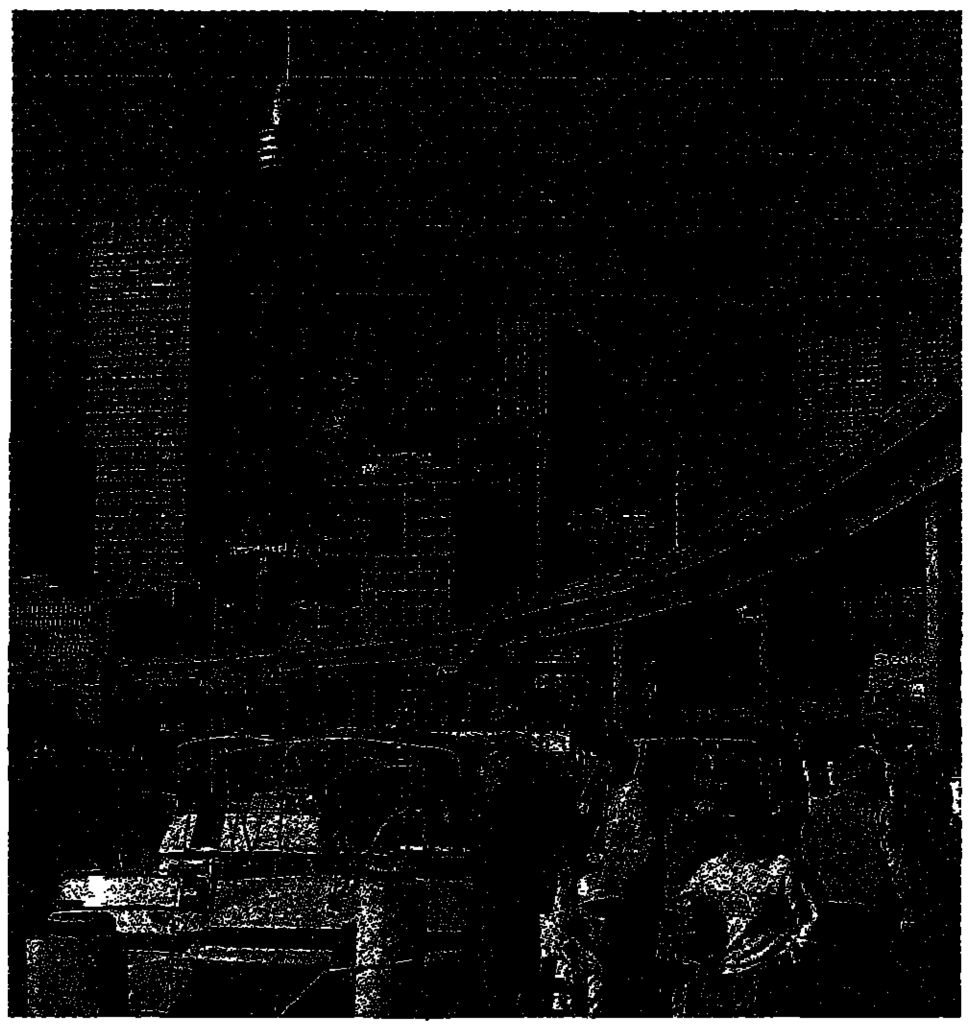
So, any move into Australia has to be very speculative.

Investing there is not for widows and orphans. NM's portfolio is overweight in companies such as Rupert Murdoch's News Corporation, and TNT, which lack for UK investors the reassuringly stable image of ICI or BP. De Lorenzo admits that these are "geared recovery plays." It is overweight in industrials, while exposure to gold has been cut radically in line with predictions for world commodities markets.

M&G Australasian, second in the sector over the year to May 1 with growth of 0.8 per cent, according to Finstat, is adopting a similar approach. At the end of 1991, just over half of the fund's assets were invested in the general industrial sector, and there was a bias towards companies with strong international operations.

Like NM, M&G moved into News Corporation after its debt had finally been restructured, but admits that this also is geared to a western recovery – particularly through the BSkyB satellite television company. M&G's exposure to the mining sector has been reduced following disappointing metal prices.

None of this adds up to an obvious buying opportunity – the Australian sector still does not seem strong enough for that, and too many other factors come into play. But the pointers to some form of sustained recovery are there.



FACTFILE: Australia

Population:	17.4m
Gross Domestic Product:	£166bn
Market Capitalisation:	£77.4bn
Inflation Rate:	1.7 per cent
Three-month Interbank Rate:	6.5 per cent
Currency & Exchange Rate:	£1 = A$2.3765

Directors' Transactions

THE LIST of sales is lengthening as the stock market tests new heights.

Since coming to the market in April 1989, shares of the **Capita Group** – which specialises in information technology and systems consultancy – have more than trebled in value, although most of the gain has been achieved since the beginning of 1991. There have been previous sales by directors. This time, four of them, including the chairman and managing director, have sold a total of 303,000 shares at 410p, close to their peak level.

■ Only one of the sales by **Hanson** directors resulted from the exercise of an option. The other two were straight sales and included a disposal by Lord Hanson himself of 2.55m shares. Interim results announced the previous week were at the lower end of analysts' forecasts. The consensus view is that this year's profits will fall for the first time in the company's history.

■ David Spencer, chairman of Tay Homes, sold 2.1m shares at 220p leaving himself with 1.4m. The share price has moved sharply higher in the past few weeks.

■ **Polypipe** directors have featured regularly in this column, always as sellers. Geoffrey Harrison has reduced his holding to 90m shares by selling 1m at 141p. In April, Kevin McDonald sold 1m shares at 113p.

■ The only purchases of note were in **British Petroleum** which is, ironically, now viewed as a potential takeover target for Hanson. Robert Horton, the chairman and chief executive, was buying shares in February. Now, two of his colleagues have bought a total of 36,500 at between 254p and 258p apiece.

Angus MacDonald,
Directus

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Sector	Shares	Value	No of directors
SALES				
Bowthorpe	Elns	120,789	331	1*
Capita Group	BuSe	303,000	1,242	4
Conrad Continental	Text	240,000	19	1
Cooper Clarke	n/a	124,432	45	1
Elswick	Pack	139,492	16	1
Fine Art Developmt	Stor	50,000	219	1
Goodhead Group	Med	100,000	40	1
Guinness	Brew	17,742	107	1*
Hanson	Cong	2,774,095	6,452	3*
IMI	EngG	35,000	105	1*
Inchcape	BuSe	79,592	403	2*
Isle of Man Steam	Tran	18,000	34	1
Lloyds Abbey	InsL	5,300	23	1
Mallett	Stor	44,000	36	1
Morrison Spmkt	FdRe	7,000	25	1*
Pacific Assets Trst	InTr	10,000	25	1
Pearson	Med	10,000	89	1
Pifco	Elec	6,000	22	1
Polypipe	BdMa	1,000,000	1,410	1
Reuters	Med	49,075	584	1*
Sanderson Murray	Motr	33,780	42???	2
Spirax Sarco	EngG	9,703	31	1
Tay Homes	C&C	2,100,000	4,620	1
Unilever	FdMa	6,546	60	2*
United Newspapers	Med	70,000	318	2*
PURCHASES				
Aber Split Tr Cap	InTr	95,000	130	1
British Petroleum	O&G	36,578	94	2
Conrad Continental	Text	230,400	23	1
Goodhead Grp	Med	100,000	40	1
Quicks Group	Motr	16,384	19	1
Sphere IT (Income)	InTr	200,000	32	2
Waste Manag't Int	Misc	3,100	20	1
Wholesale Fittings	Elec	18,000	52	1

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 18-22 May 1992.

Source: Directus Ltd, Edinburgh

Professionals who lose it all

Ian Gregory on bankruptcy

PITY professionals in debt. Not only are they in danger of losing their homes and property, they also run a grave risk of having their careers ruined by expulsion from their professional bodies.

Insolvency can spell the end of a career as an MP, chartered surveyor, company director or even black cab driver. But for accountants and solicitors, bankruptcy in particular is the stuff of nightmares. It means automatic departure from chartered or certified accountancy and strips lawyers of their practicising certificates.

"The recession has bitten very hard into the professions, with property purchases often causing trouble," says Tony Supperstone, an insolvency practitioner at Stoy Hayward. He has been advising small firms of accountants and solicitors with around five partners, all of whose careers are on the line if a creditor makes them bankrupt.

Many of these firms bought their premises at the top of the market and have since been squeezed by the twin jaws of the recessionary vise: rising interest payments and falling fees.

Creditors know that bankruptcy is the ultimate sanction and go as far as petitioning for it. Then, says Supperstone, there is around six weeks to set up a voluntary arrangement before a bankruptcy order is made.

Such voluntary arrangements require the agreement of creditors owed at least three-quarters of the debt and negotiations can involve considerable brinkmanship, as bankruptcy is in neither side's interest.

But if one large creditor stands out for full repayment, bankruptcy cannot be avoided. So far this year, 26 chartered accountants have lost membership compared with 30 in all of 1991.

Even a voluntary arrangement will not necessarily ensure that the individual retains membership of the professional body. The Institute of Chartered Accountants regards such arrangements as a disciplinary matter, and the Law Society takes them into account before renewing a practising certificate.

These attitudes are, however, tender-hearted compared with the rulebook of the Chartered Association of Certified Accountants (ACCA).

Bylaw 25 expels automatically a partner who enters into an arrangement with his creditors, even though they want him to stay in work so that he can pay off his debts. "This is a bylaw we have inherited," says Anthony Booth, of the ACCA. "The harshness of this rule is something we will look at."

Voluntary arrangements can also be the undoing of chartered surveyors and company directors.

"The traditional approach has been to treat insolvency as a hanging offence," says David Millar, of the Royal Institution of Chartered Surveyors. "One reason for this is that those who extend credit to professionals are happier to do so if the big chopper is awaiting those who don't meet their debts." But the RICS does not expel members automatically even if made bankrupt.

Millar says the fate of the 20 insolvent chartered surveyors now being considered by the institution will depend on "the size of the unmet debt, whether the debt is to people who can stand the loss, and what the chartered surveyor is doing to try to make the best of a bad job."

Company directors cannot plead such mitigation. While it is well known that bankruptcy bars them from holding office without the special permission of a court, what is less publicised is that most companies' articles of association also exclude a director if he makes "any arrangement or composition with his creditors." To some extent, the public expects harsh treatment for professionals who prove unable to manage their own affairs.

The professional bodies, therefore, need to see their members stay respectable in the eyes of their clients. They are also concerned that insolvent members may yield to the temptation of "borrowing" from clients' funds.

If they do this, though, their exclusion will probably be lifelong. "It's extremely difficult to imagine re-admitting anyone who has been expelled for mortgage fraud or embezzlement. They could apply until they're blue in the face," says Millar.

Those whose downfall was not due to a lack of virtue receive more charity, albeit with strings attached. The 21 bankrupt solicitors now in the queue for replacement practising certificates are unlikely to be allowed to operate as sole practitioners but will have to operate within approved partnerships.

Those who fail to regain their practising certificates might want to contemplate re-training as barristers or architects. Neither profession expels bankrupts.

Passing shares to my children

Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

I WISH to pass on some sizeable shareholdings (pre-1982) to my children, avoiding Capital Gains Tax and hopefully inheritance tax.

a) Can I double the flow by transferring some of my holding to my wife as an exempt arrangement, for her then to make similar annual gifts to the children?

b) If this is valid, what interval is necessary? Can the first gift to children follow as soon as new certificates in my wife's name are to hand?

■ You cannot simply use your wife as a puppet.

If you decide to give her parcels of shares, she may decide that her enlarged investment portfolio is greater than she needs, and she may therefore decide to make gifts to the children, but the decisions must be hers – with no prompting or pressure from you.

The longer the period between your gifts to her and her gifts to the children – should she decide to make any such gifts – the easier it will be for her to convince the Inland Revenue that she acted independently.

Minor stakes

I AM forming a small limited company with a friend. We wish to issue some of the shares to our minor children. Is this possible without unusual formality? We wish to avoid complicated and expensive legal procedures.

■ There is no restriction on minors owning shares in a limited company: you can issue shares to the children in the normal way.

Tax losses and CGT

DURING the tax years 1989-90 and 1990-91, I incurred losses, for capital gains purposes, of £6,300 and £62 respectively, on sales of equities.

In the following year, 1991-92 I made a capital gain; but well within my normal entitlement for that year. The same will probably be the case in 1992-93.

Can I carry forward my losses for 1989-90 and 1990-91 to offset any excess gains in future years?

■ Yes, by virtue of section 5(4)(a) of the Capital Gains Tax Act 1979: "where the amount of chargeable gains less allowable losses accruing to an individual in any year of assessment does not exceed the exempt amount for the year, no deduction from that amount shall be made for that year in respect of allowable losses carried forward from a previous year".

Ask your tax office for the free pamphlet CGT14 – Capital gains tax: an introduction.

Sea captain who perverted Utopia

Dan Gawthrop tells one of the century's strangest tales of religious humbug

IN SEVEN explosive years, 20,000 followers worldwide contributed hundreds of thousands of dollars to support the Aquarian Foundation – a utopian, pre-60s spiritual colony which was ultimately destroyed by the deceit, black magic and slave labour imposed by its founding visionary.

The story of this "false prophet", Edward Arthur Wilson, a former English sea captain who changed his name to Brother Twelve after a vision in the south of France, is told in a fascinating biography by Canadian author John Oliphant.

Wilson's experience was later referred to in newspapers as the most amazing story ever told in a Canadian court.

As Oliphant reveals, Wilson, who was nearly penniless and in poor health when he had his first "vision" in 1924, seemed an unlikely candidate to lead multitudes.

Born in Ladywood, Birmingham in 1878, Wilson was raised by his craftsman father as an "Irvingite" – an obscure sect of the Catholic Apostolic Church which singled out the Book of Revelations as the most important scripture, interpreted numerical symbols in the Bible, "and believed that the archangels, seraphim and cherubim, were living spiritual beings."

Oliphant describes Wilson as a restless young adult who worked various jobs as a seaman and got married in New Zealand before abandoning his wife and two children in Victoria, British Columbia.

He served as a navigator in the First World War, sailed around the world and studied the ancient religions of Egypt, India, China and Mexico. In addition to writing several scholarly texts on astrology, and joining the American Theosophical Society, his social circle in England was said to include Neville Chamberlain, the British Conservative statesman, Jan Smuts, the Boer War general and Sir Arthur Eddington, a distinguished astro-physicist.

The "voice" Wilson heard in his vision said he had been an ancient Egyptian ruler and that his current mission was to "rebuild" and "restore" the human race.

Dubbing himself "Brother Twelve" – *after his Master, the Twelfth* Brother in the Great White Lodge – he began writing a series of theosophical texts which were remarkable for their sweeping, apocalyptic prophecy. His vision of Europe on the brink of destruction, outlined in a 1926 article in the Occult Review, sparked a debate on spiritualism with Sir Arthur Conan Doyle. He also predicted a major stock market crash within four months of the actual event.

By this time, however, Wilson had already formed the Aquarian Foundation and moved to Vancouver Island. Only a handful of people joined him at the time, but Mary Connally – a rich American widow who learned of Brother Twelve after reading a copy of Foundation Letters and Teachings – gave Wilson an initial donation of $2,000. She then met him in a Toronto hotel room where, after a three-hour discussion, she signed a cheque for $23,000. Eventually she moved to the settlement on Decourcy Island.

Ostensibly a back-to-the-land project, with communal living arrangements and daily spiritual gatherings, the foundation soon became a fortress in which colony members stockpiled food to prepare for the Apocalypse and armed themselves with rifles to ward off unseen enemies and unwanted provincial authorities.

The project was doomed from the start. Many disciples were surprised to learn that their spiritual leader was a virulent anti-Semite, whose belief in the worldwide banking conspiracy led him to endorse a Ku Klux Klan sympathiser as a third party candidate in the 1928 US presidential election.

In one of his more startling discoveries, Oliphant reveals that Brother Twelve's efforts on behalf of Alabama Senator James "Tom Tom" Heflin were based on his fear that a civil war would result if Heflin's Catholic opponent were elected.

Brother Twelve was a notorious womaniser. He often used spiritual justification for his dalliances, including the claim that one Myrtle Baumgartner – *whom he seduced on a* train journey to Chicago – had returned as Isis to couple with his Osiris. The most notorious affair was with Mabel Skottowe: referred to by disciples as "Madame Zee," Brother Twelve's chief mistress was a powerful figure who used a rider's crop to intimidate residents and cast spells on any woman she suspected of trying to steal the affections of Wilson.

Even the 67-year-old aristocrat, Mary Connally, was reduced to humiliating labour conditions and forced to spend the winter in a dilapidated shack with loose floorboards and no heating. The abuse Connally was willing to endure until her final breakdown is astonishing, given that the elderly widow had travelled across the continent from North Carolina to testify on Wilson's behalf, in an earlier lawsuit where Wilson was accused of misappropriating her money. That case fell apart when a key witness for the disciples, Robert England, mysteriously disappeared after resigning from the Foundation.

By the time the colony finally collapsed in the summer of 1932, foundation members launched a second series of court actions against Brother Twelve. Testimony included allegations of death threats, spellcasting and a plot to assassinate a member of the provincial cabinet who had earlier been asked to intervene.

The foundation members won the second case, but their money was never recovered. Following the first court action, Brother Twelve had converted the cash into gold nuggets and had his disciples bury it on the island. By the time authorities were able to excavate the area, all they found in one hole was an empty box containing the note: "For fools and traitors – nothing!" By that time, Brother Twelve and Madame Zee had fled the country. Wilson was reported to have died in Switzerland in 1934.

Oliphant, a Vancouver resident, confesses to a life-long interest in Brother Twelve. He learned of the legend when he sailed through the Gulf Islands as a child, and his interest was sparked further when he read a pulp novel on the subject in the 1970s. His book is the result of 10 years of research in which he acquired court documents and previously unreleased letters. Before Oliphant's book, Wilson's life was shrouded in mystery.

Many surviving members of the Aquarian Foundation remained loyal to the principles of theosophy, and were not eager to contribute to sensational accounts of Brother Twelve which would distort the message of the Work. Thus, it was only his extensive reading of Wilson's books and sympathetic view of his theosopical teachings that won Oliphant access to some of the key players.

In addition to surviving members of the Aquarian Foundation, original testimony includes a statement by the son of Brother Twelve's lawyer, who recalls a mysterious meeting in San Francisco between his father and a man of Wilson's exact description, following his reported death in 1934 ("quite pale-dressed in white and had a white wide-brimmed hat. I was particularly struck by his eyes"). Oliphant even located Wilson 's daughter, Margery Ellen Bell, who last saw her father when she was an eight-year-old in 1912.

What could have attracted so many people to Wilson's bizarre cult? When asked to explain Brother Twelve's enduring intrigue, the author's response is reminiscent of a 1960s credo.

"In the Age of Aquarius," he says in an interview, paraphrasing Brother Twelve, "people will recognise the inherent divinity of nature, and that we're all one and should co-operate rather than compete with each other – our welfare is enhanced by that co-operation."

That Wilson's legacy and life were so tragically contrary to this ideal is the greatest paradox of this biography.

■ Brother Twelve, by John Oliphant, was published last autumn by McClelland & Stewart and is released in the UK next week. (Sinclair-Stevenson, £14.95).

The revival of the species

Patti Waldmeir reports on the rebirth of the extinct quagga

THE QUAGGA is extinct – or at least it was, until a team of international scientists began trying to resurrect this zebra-like creature, native to the arid vastness of South Africa's Karoo.

Coloured rich brown to blend in with the red dust of the Karoo – a huge, infertile, sparsely populated area of the Cape – the quagga looked like a zebra with less than half the normal stripes. Karoo farmers saw it as an unwelcome competitor for grazing, and set out to exterminate it. The last specimen died more than a hundred years ago in an Amsterdam zoo.

Now scientists believe they can bring back the quagga, named by the original Hottentot inhabitants of the Karoo for the distinctive sound it made. At a nature reserve 200 kilometres north-east of Cape Town, they have begun selectively breeding plains zebras (the striped animals most familiar to Europeans), hoping to restore the distinctive colouration of the quagga.

If they succeed, there is a chance that other long-dead animals could be saved from extinction – but only if they are closely related to an extant species which can be used as a breeding base. The dinosaur and the brontosaurus will remain in oblivion; but scientists might, for example, be able to recreate the extinct blue antelope.

In fact, the only hope for resurrecting the quagga is that it is not truly "extinct". Genetic research has shown that it was a sub-species of the plains zebra; scientists believe its colouration may simply be diluted in the extant population of such zebras, where isolated individuals (darker in colour and faintly striped) already slightly resemble quaggas.

This resemblance is borne out by genetic evidence: DNA extracted from dried tissue and blood of stuffed quaggas matches that of the plains Zebra, proving that the quagga is a sub-species.

"If a species is gone, nothing can be done about it because the entire gene pool is gone," says Reinhold Rau, head of taxidermy at the South African museum in Cape Town, and the father of the quagga project. But the gene pool of the plains zebra is still available for re-breeding the quagga, by a process similar to selective breeding of livestock.

Baby Reina, one of six foals who form the first generation of the quagga breeding project, demonstrates how it is done. She was born of parents specially selected in the wild for their faint striping, and her stripes are fainter still. But scientists were not so lucky with the other foals: one has distinctly more prominent stripes than either parent, and the others show little progress toward quagga colouration. Scientists hope to see firm results in 10 years – but it could take longer.

Some wildlife experts dispute the validity of the project: "We can breed a zebra which will look like a quagga but it will never, ever *be* a quagga. All we know about the quagga was what it looked like and where it was found. We know nothing about its behaviour, its habitat. . ." says Zane Erasmus, ranger at the Vrolijkheid Nature Reserve where the breeding is being done.

Scientists were not able to get a full genetic fingerprint of the quagga, because none of the crucial "nuclear DNA" survived in the stuffed specimens; so they will never know whether a re-bred quagga is just a man-made lookalike or a truly genetic recreation.

And after several generations in captivity the quagga may no longer be able to survive in the wild. But if they can be released into Karoo nature reserves, where there are no major predators, it would be a small step towards rectifying the damage done by man to Africa's wildlife.

Minding Your Own Business

Idyll spoiled by customers

Nick Garnett visits a family working hard down on the farm

THE SETTING of the main house at Keynston Mill food farm is as close as you can get to a real version of Wind in the Willows. Resting on the banks of a small rivulet trickling off the river Stour in Dorset, the tree-decked land forms a creek which the Partridge family, owners of Keynston Mill, use as a swimming pool.

At the side of the 18th century house a wooden bridge spans a narrow brook, by the disused mill wheel. The grassed promontories jutting out into the reaches are mowed by Richard Partridge like any back garden lawn. In this idyllic English landscape, the only unpleasant intruder is what is known locally as the Blandford Beastie. This tropical fly, named after the nearby town and brought in by a local schoolteacher before it escaped into the wild, occasionally leaves wounds as big as golf balls on the faces of Keynston Mill's fruit pickers.

Colin Beare

Country life: Nicky, Anni and Richard Partridge sample their wine at Keynston Mill Farm

Tranquil it might be but running the food farm has not been easy since Richard Partridge and his wife Nicky bought the 50 acre property in the early 1980s. Keynston Mill incorporates six acres of commercial vines, more than 30 acres of other fruits and vegetables, a licensed tea room and a shop selling kitchenware and gifts as well as food and wine. Turnover for the whole business last year was £202,000 on which it made a pre-tax profit of £30,000. This formed the relatively modest income for the couple and for daughter Anni, who also works on the smallholding.

"It is kind of a mad business to be in," says Nicky. "You are so dependent on the weather."

However, the business has given the Partridges a great deal of capital growth. Former tenant farmers in Gloucestershire, the couple came to Dorset in 1969 when Richard worked for a local agro-chemical company. They started renting the land at Keynston Mill and bought it in 1984 for £1,000 an acre, including the five bedroomed farmhouse. For an outlay of £50,000, paid off over five years, the Partridges own an asset worth probably £500,000 to £750,000 if it were sold. But then it could not be kept in the family.

The shop generates half of Keynston Mill's turnover. The Partridges spent £16,000 converting an old building on the site, doing a lot of the work themselves. "It was a revolting remains of a barn," says Richard "It was deep in mud, generations of uncleaned out manure and a lot of diesel fuel. All the wood was rotten."

The shop sells Italian salad bowls at £37, tea mugs at £7, local produce such as Dorset bread biscuits known as "knobs", muesli from Dorchester and Childhay Manor ice cream as well as more unusual food products including balsamic vinegar and walnut oil.

"There is no point in competing with Safeways in Blandford," says Anni, who runs the shop. "Some of this we stock for weekenders from London. The biggest margins are on hardware at about 100 per cent. We make 30 per cent on books and 25 to 35 per cent on food."

While the shop has been a success, the licensed tea room has proved more of a headache. It cost £20,000 to convert the building and meet hygiene regulations but turned over £13,500 last year. "It has been a bit disappointing and we'd be pushed to say it makes a profit," Richard says.

Fruit and vegetable sales amount to about £80,000 yearly. Keynston Mill produces more than 40 types, from cooking apples and blackberries to courgettes and dwarf beans.

"This is in a way far too many but we have taken the view that to attract people here and therefore to use the shop and tea room we have to offer such a wide range."

Strawberries generate by far the biggest profit margin. "It is the only fruit whose prices have increased at a reasonable rate. The cost of growing fruit must have gone up 200 per cent since the late 1970s but the sale price of, say, raspberries, has risen by only 20 per cent. Profit on blackcurrants and gooseberries is only marginal. You can make a lot of money just doing strawberries but you need better land. This here is third quality barley and sheep land, not good enough for high output cropping."

British vineyards have had a difficult time recently. "There won't be many left the way they are falling, left, right and centre," Richard says. He concedes, though, that a six acre vineyard is a "mad enterprise." Growing grapes, he says, is "an emotional thing, a very strong feeling you get for vines."

Keynston Mill produced 12,000 bottles last year compared with 23,000 two years earlier. Some of that drop was caused by the weather but there is little pressure to make more wine as £80,000 of wine stocks wait to be sold.

The wine, for which Keynston Mill does hardly any wholesaling, is made by a company in Somerset from Keynston Mill grapes and another wine maker in Sussex produces sparkling wine.

"Quality sparkling wine selling at £10 a bottle gives us a profit margin of £3. That compares with a margin of £1.50 for our best table wine and just 50p for the cheaper bottles." Keynston Mill's most expensive non-sparkling wine, Dry Bacchus, sells for £5.95.

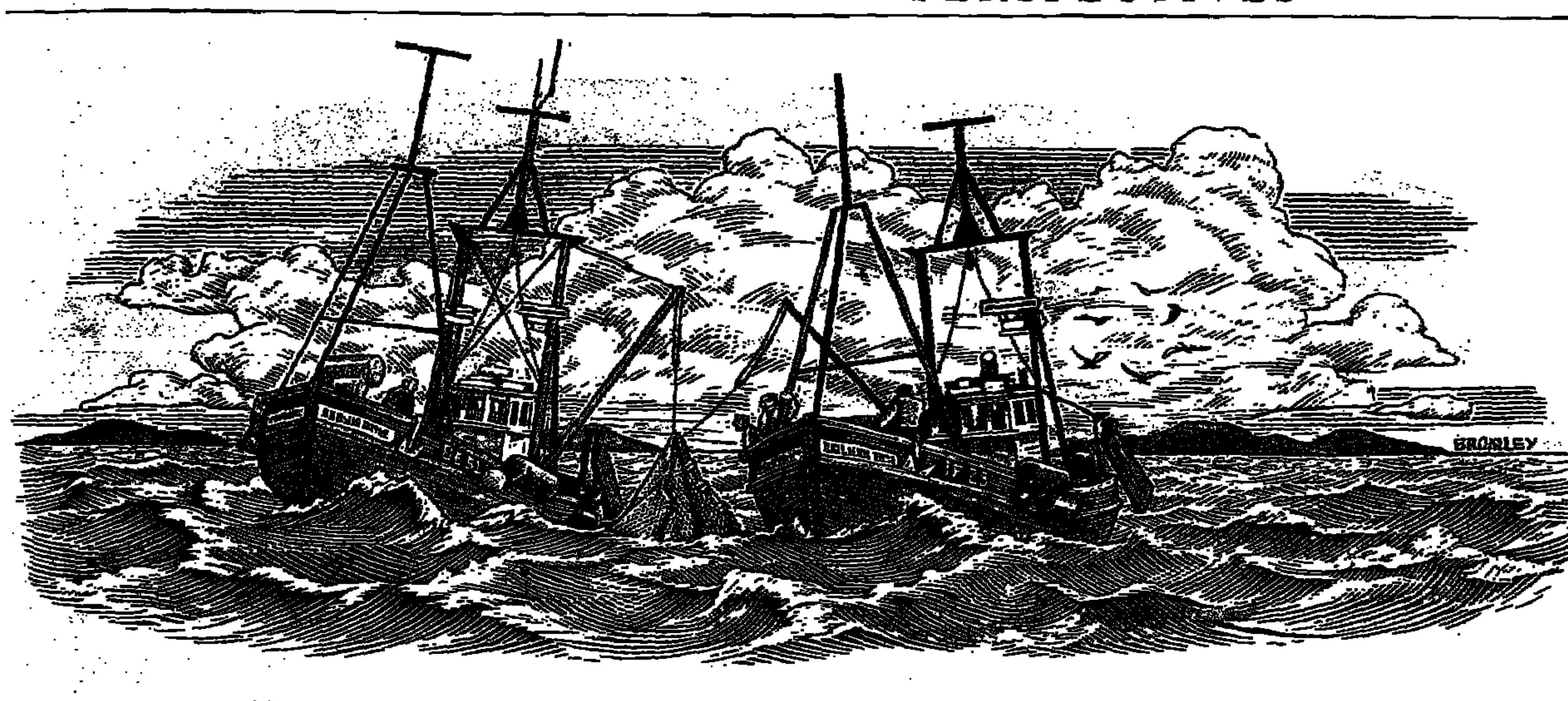
Richard employs one man full time on fruit growing and himself often works from 6 am until late evening, seven days a week. Three or four others work part time through the year while fruit picking raises the number of temporary workers to about 40.

Partridge says he loves growing but not selling. The Partridges love privacy but must attract as many customers as possible to the farm.

"By the end of the year I want to shoot people," says Richard.

■ *Keynston Mill, Tarrant Keynston, Blandford, Dorset DT11 9HZ. 0258-452596.*

PERSPECTIVES



Poachers on the wild ocean

Michael Wigan tells a tale of skulduggery and shrinking salmon stocks

According to Sir David Nickson, chairman of the Atlantic Salmon Trust, the only epitaph for the Atlantic salmon is: "Lost at sea."

NOTHING produces more dark murmurs and knowing winks in fishing circles than the suggestion that skulduggery is rife on the high seas – that salmon have become a substitute for European Community fishing boats hemmed in by tie-up restrictions and quotas of dwindling fish stocks.

The stories are intriguing, heightened in drama by their association with truly wild places – faraway St Kilda, where islanders with prehensile feet used to live on gannets, or the Outer Hebrides, regarded by many inhabitants as hardly part of the UK at all.

One theory is that Irish boats, which tirelessly patrol the British/Irish territorial line, take on board salmon caught illegally at sea off Scotland and land them as part of their legitimate drift-net catch on their return home.

Certainly, north-western Irish salmon catches have been large – "astronomical" in the words of Group Captain John Proudlock, secretary of the Association of Scottish Salmon District Fishery Boards, which is responsible for conserving salmon in its home waters.

The Irish have persisted with drift-netting even after most other nations banned it as a danger to fishery resources, and large catches inside the Irish 12-mile fishing limit seem surprising in view of recent depleted catches in Irish rivers.

Then again, a 12-mile limit can be an elastic dimension in Irish minds, and Irish boats regularly stray 50 miles or more from the west coast and beyond. Who is to say whether the salmon in the hold were caught outside the 12-mile limit (breaking both EC and Irish law), or within it?

Are they indeed fish from off the Emerald Isle at all? One known fact is that the western Irish seaboard is the migratory route for salmon returning from the sea to rivers in western England, such as the Wye. This, however, has not visibly exercised the consciences of some Irish skippers. There are places still where a fish is a fish.

There are also places where a "territorial boundary" is a flexible conception. Irish/British waters, as well as lands, are vexed by sovereignty disputes. The first official claim to St Kilda was lodged by the British government to isolate the fall-out area for American rockets. No one wanted Russians picking up the bits in the east Atlantic. The 200-mile sovereignty limit around St Kilda enormously increases British territorial waters, which irks the Irish. The suitably nebulous Irish claim is not that they own St Kilda, but that Britain does not.

The result of this quandary is the presence of a grey area between the Irish/British sea boundaries, where the Irish fisheries protection service is supposed to monitor Irish boats, and the British theirs. They co-operate only to chase out anyone else.

Can the fishery protection service actually protect salmon, even though its main duties cover other fish stocks in the sea?

The firepower certainly looks good. In Scottish waters, where the majority of British salmon are found, the Scottish Fisheries Protection Agency (SFPA), revamped in April 1991, can deploy four fishery cruisers, one Royal Navy offshore cruiser, two fixed-wing aircraft, a helicopter (hired) for peak season, and a maximum of three launches.

The problem is that its remit covers 185,000 square miles of seawater. Two fishing boats transferring a catch in this area would be, can we say, a drop in the ocean. And to the cynical, the fact that co-operating with the Irish protection service goes as far as telling them about patrols in advance is disquieting.

The SFPA also battles against procedural problems. Finding fishermen who are committing offences is only the first step in getting a conviction. In 1991 in Scotland, only three cases of salmon poaching at sea were successfully prosecuted (fines ranged between £500 and £5,000). Yet, 110 individual nets measuring more than 6,000 yards were seized in addition to 20 miles of gill-nets.

Why so many nets and so few offenders? The answer is that fishermen spying a fishery protection vessel on the horizon, or a spotter-plane, cut loose their nets. Many of those found by the agency have been abandoned, which is profoundly unecological. No one would abandon valuable nets if they were fishing legally.

In Scotland, poaching cases are presented to the procurator fiscal, who decides whether to proceed. The SFPA is reticent about how many cases the fiscal turned away in 1991, but admits that the majority never reach court for, having submitted the case, the agency may have trouble backing it up. Tracing ownership of an abandoned net is time-consuming. Tracing the origins of a fishing boat can be, too; even the ownership of the boat. Fishing crews under questioning have even disagreed about who is the captain. The agency has six months in which to establish the facts.

These types of problems surfaced in a notorious re-flagging case in which Denmark, a fellow signatory to the North Atlantic Salmon Conservation Organisation, was discovered netting salmon under bogus Panamanian and Polish colours. Investigations revealed that although the boats were really Danish, the company head office was in Austria. The catch was being landed in Poland and was re-entering western Europe on the black market. To add to the headaches of the SFPA, in Scotland poaching offences have to be corroborated by a witness to the act. Successful cases must be foolproof.

There are many ways in which wild salmon can end up on fishmongers' slabs. Boxes of Scottish farmed salmon are regularly transported by lorry to the main fish markets in London and Aberdeen. Among them are boxes of slightly different-looking fish, salmon still, but with sharper fins and a more elegantly-cleft, longer tail.

These are boxes of wild salmon. They are not from Scottish legal netters – those using what are called "fixed engines" to catch inshore or in-river fish; they are poached at sea.

Time was when the price differential between farmed and wild fish strongly favoured the wild fish, and no one would want to have sold wild fish over farmed. Not so in today's viciously-squeezed market. With a commodity in over-supply, the price gap may be no more than 10p a pound.

Ex-policeman Walter Beattie is the fishmongers' inspector for Scotland, a man whose ancestors have been salmon netters for three generations and who has spent his working life in the salmon business. He points out that wild fish can easily be hidden in a container-load of farmed salmon; after all, the volume of traffic in the farmed fish is huge. To persuade the police to get a warrant to stop a lorry, empty all the boxes of salmon, and go through them for wild variety presents insurmountable difficulties.

On the wider front, Beattie thinks that confiscation of fishing gear acts as a deterrent to trawlermen with expensive boats, especially when salmon prices are low. However, the small-time operator who gets a kick out of poaching is, in his view, ineradicable. This man uses a little creel-boat at night, fishes close-in and is ever-watchful, ever-daring.

Such people could potentially have a substantial effect on salmon runs. But the big operators with high-tech gear, scooping out whole shoals at sea, are far more damaging to the species. The sea is a roomy place, and some desperate fishermen have everything to play for. On the other hand, Beattie adds, there is abundant hype about the abuse of salmon and, often, unnecessary worry.

Perhaps. But the only surviving Atlantic salmon run of antediluvian proportions is off north Russia. Here there is ice, the Russian navy – and no one else.

As They Say in Europe

A very French view of the world

A FEW weeks ago, I wrote unsystematically of the vices and virtues of some European papers and made the mistake, judging by the reaction, of not mentioning Le Monde. It has a charisma that no other continental paper can rival. I remember how, as a student, I would pretentiously be seen with it and later how, from Saigon to Montreal, from Abidjan to Algiers, it was (and probably still is) plucked from the news-stands the moment it arrived.

This is not due to the faintly dishonest dating system: Le Monde is published in the afternoon but carries the following day's date, so giving it the air of being what it would not deign to be – the first with the news. It appears in time for the Paris evening rush hour and offers a lot at a time when the average reader has time to take it in.

Le Monde does not seem to compete, even though much of the ground it occupies has been under attack, sometimes successfully, by Libération That ground is the educated centre-left; Le Monde is its ultimate quality daily.

As a result, it is often boring and occasionally written slackly. I read some paragraphs, scratch my head and ask French colleagues what it all means. They say: "Well, you know, it is about, how does one put it? The idea is that one might question certain assumptions, if you see what I mean." Shoulders are shrugged, hands raised.

The paper is run as a kind of co-operative which, presumably, accounts for what Anglo-Saxon readers might regard as its apparent self-indulgence. Writers enjoy themselves on subjects they like. Page two often is given over to accounts of incidents of varying importance which happened on that day 100 or 75 years ago. Those incidents can be minor or world-shaking; it hardly matters.

All this pleases the French. Journalists are expected to provoke, not just by being controversial but through *jeux d'esprits* and being what the English would call too clever by half. The great pillar of this approach is twice as clever as that: Paul Fabra, the paper's chief economic commentator, a man who makes Sir Alan Walters seem non-committal. He also writes tomes about the triumph of Ricardian economics.

The didactic approach can be seen even in "soft" stories. Le Monde's choice might be the same as that of The Times but the approach is different. The other day, a correspondent filed the following item:

"The issue, by the Bank of Mauritius, of a 20-rupee banknote carrying the effigy of the wife of the prime minister, Mr Aneerood Jungnauth, has provoked a lively argument. On the day of the issue, the government was celebrating the birthday of Mrs Jungnauth in the presence of the diplomatic corps. According to the Mauritian press and the opposition, led by Mr Navin Ramgoolam (son of Seewoosagur Ramgoolam, the 'father of independence'), the coincidence of the two events has sown trouble in the heart of the diplomatic corps and brought discredit on the country... the argument has weakened the government coalition, ministers belonging to the Mauritian Militant Movement having not concealed their irritation with the 'clumsiness' of Mr Jungnauth of the Mauritian Socialist Movement. The latter, observers say, listened to the sirens among his 'courtiers' and gradually lost contact with the real country."

Le Monde overlooked the ludicrous aspects of this story and used it to instruct readers in the wider background of contemporary Mauritian politics. The island is French-speaking (although a former British colony) and, therefore, the kind of place to keep before the mind of France. The only trouble is that the reader is left with little idea of what the fuss was about, or why the story appeared at all.

Le Monde has its detractors, who complain it is not what it was. Certainly, circulation has fallen from its peak; the paper's correspondents no longer appear in the ambassadorial role they once adopted. This could be because of an incident that friend and foe recall from April 1975. In one of the few despatches to emerge from Phnom Penh the day the Khmers Rouges seized power in Cambodia, the Monde correspondent wrote of the "glorious liberation" of the capital by the guerrillas and celebrated the victory in terms that, even at that time, seemed excessive.

The trouble with the newspaper business is that skeletons rattle around outside the cupboards for years and years. This is hard luck on Le Monde, because it is one of the great institutions of France and one of the world's great newspapers. In recent years, it has gained a new reputation for bravery in exposing sin and stupidity. The paper revealed the corruption at the heart of the socialist establishment; it sorts out the Catholic church in no uncertain terms; it has no fear of Jean-Marie Le Pen's new barbarians; and has the finest political cartoonist in the world.

It is still the paper that the would-be intellectual would choose to carry, and the one that could most easily turn him, or her, into one.

James Morgan

■ *James Morgan is economics correspondent of the BBC World Service.*

GARDENING

Sweet dream on a philosopher's lawn

***Robin Lane Fox** asks if the riot of blooms in his garden is just a glorious illusion*

SEVERAL YEARS ago, I spent a long, hot summer examining the cream of Oxford's young intelligences with the help of two extremely respected philosophers. We sweated and agonised; we tried to turn Bs into As; meanwhile, outside the pseudo-Gothic windows, sunlight fell in patterns on those hallmarks of academic gardening, an immaculate sward of lawn and beds of modern roses with vermilion flowers.

When at last we finished, I asked the philosophers the plain man's question: of all the dozens of questions which you have set, which was the hardest to answer? After six weeks' hard labour, they agreed with hardly a pause. The question: how can we be sure we are not dreaming?

How not, O Socrates? I gave the plain man's response: that our non-dream world is more orderly and most of its events are effects of more or less obvious causes, even when people kick over the traces, fall in love, or lend far too much money to Olympia & York. No, they corrected me, we might be dreaming orderly dreams, not just those dreams of tea with the royal family, which are supposed to be an English favourite, but dreams here and now of reading the FT.

I have been haunted by this awful question. It surfaces in becalmed committee meetings, or during breakdowns on the London Underground, or when Britain's city councils start competing for the best in bloom. This week, it has returned with unanswerable force: am I living in accelerated time while a film of summer is being run too fast before my eyes? Gardens have been dreamy but the sequence has gone mad. Is it May, June, or time for Wimbledon, and why is everything happening here at once?

There has never been a year like this, not in my horticultural memory, which goes back to 1956. Ten days ago, there were tulips and the buttercups were mildly premature; wallflowers were drawing to an early close; and narcissi were reassuring non-gardeners that they could grow something pretty to round off spring.

In a rush, in a bound, summer has been rampant. Showers of roses have started to open before the lilacs have begun to fade; the dianthus of late June are showing colour. On May 20 I woke up, or re-entered dreamland, and found pale yellow day lilies in flower; sweet philadelphus became impatient and on the bank holiday joined them. Not until the last fortnight in June do I usually turn to the best of all pink roses, the old-fashioned Fantin Latour. Already, it is open, with spring's Blue-eyed Mary still out beneath it.

Day by day, the sequence has become crazier, cramming six weeks into one with ominous warnings of a future climate change. Green observers have warned that we will know when the world starts to warm and we have punctured the atmosphere because the bluebell woods in Britain will be the first casualties, hating the new warmth. They have not gone, this year, but they have gone into fast-forward, flowering two weeks earlier than usual.

After the first primeval sleep, so the poet Keats tells us, Adam awoke and found truth. On bank holiday, Lane Fox was dreaming and awoke to find it mid-summer. Portland roses seemed to be tumbling beside delphiniums; the lavender buds are showing a purple colour beside the greengage iris graminea, which is fighting for its usual place in the button-hole during the final week of May.

Is it, perhaps, a personalised dream, and has something simply gone wrong with me? Here, great philosophers are helpful: private worlds, they tell us, cannot be communicated in language. Worried that I might be trapped in a private net, I have been cross-communicating and verifying sensations. Are you, too, seeing rivers of laburnum among rose Mme Alfred Carriere, and scenting orange blossom as the flowers fade on Solomon's Seal? If it is all a dream, it seems to be a public epidemic in which dandelions have remained a nightmare and there is always the harsh reality of mowing the grass twice weekly. Perhaps it looked this way in Paradise, but the garden owner then stopped the film. He froze it, perhaps, in just such a rush when the first fresh greens of the year were present.

Does this sudden hint of Paradise matter in 1992? Sleep-walking, I am telling myself that I must absorb it at every moment, economise on work, see it all before the season has disappeared in seven days. It is so extraordinary that perhaps it can be forgiven; meanwhile, I am sowing a fresh round of annuals for late summer, tall white tobacco plants and the new white cosmos daisy called Sonata.

Sweet dreams are fine but, when we come down to earth in mid-June, there will have to be some young plants coming on to carry us into October. Unless, that is, the Heavenly Director changes the score once more and sends a frost on Derby day to remind us we are British. There would be nothing better to wake us from this philosophic dreaminess than a short, sharp shock.

Instant trees – by the tonne

***Arthur Hellyer** finds a forest on the move . . .*

ONE OF the talking points at the Chelsea flower show was the 25 ft-high oak growing in a container holding a metric tonne of soil, thought to be the biggest tree ever moved into the exhibition marquee. Shown by Hillier Nurseries of Ampfield, Romsey, Hants, it was, however, typical of a side of the nursery trade which is little-known outside professional circles.

Hillier Broadmead Trees, the branch of the company responsible, produces trees up to 30 ft ready for immediate planting. These giant, container-grown trees are a development from the heavy standard trees which long have been available for autumn and winter planting direct from the open ground.

Many buyers – chiefly municipal authorities, which use them for street planting, and large landscape firms – increasingly are turning to container trees. They cost more than trees lifted from the open ground, but have a greater chance of success. Hillier Broadmead is growing around 15,000 and demand is rising.

Many varieties are available, although the larger sizes seem to be restricted to beech and oak. Trees in containers with 200 litres of soil – a very respectable size, although containers can go up to 1,000 litres – include several varieties of maple; horse chestnut; two kinds of alder; ailanthus; two kinds of birch; fastigiate hornbeam (which is very good as a street tree because its head is so compact); the Paul Scarlet variety of hawthorn; purple-leaved and Dawyck beech; several varieties of ash, rowan and lime; walnut; Spanish plane; several species of prunus; false acacia; sophora, and golden weeping willow.

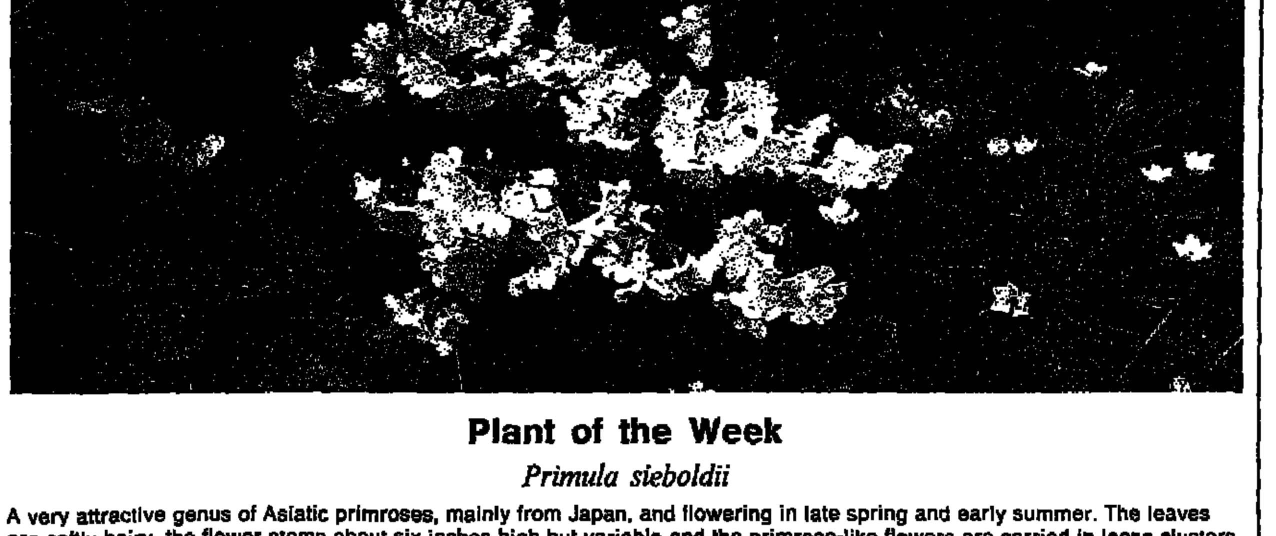
Another specialised company in this trade is Pantiles Nurseries Ltd, which is both a plant and garden centre and has its own landscaping side able to handle the largest container trees.

It grows fewer trees than Hilliers although the variety is greater and includes some rare examples, including many good conifers. The explanation is that almost all the trees are bought in Europe, mainly from Tuscany where the soil and climate are ideal for cultivating them and there is a tradition of producing many scarce types.

At Pantiles, you will see such things as big specimens of the weeping cedar, a rare tree in English nurseries, and also Blue Atlas cedars up to 30 ft. The biggest containers are even larger than those at Hilliers; I have seen one with 1.5 tonnes of soil holding an evergreen Magnolia grandiflora, rather a speciality with Italian growers.

What do you pay for such trees? Anything from £75 to more than £2,000 for some of the rarities. To this, though, must be added a charge for delivery, planting and (almost certainly) anchorage in the soil with steel guy ropes.

■ *Hillier Nurseries (Winchester), Ampfield House, Ampfield, Romsey, Hants, SO51 9PA (tel: 0794-68733). Pantiles Nurseries Ltd., Almners Road, Lyne, Chertsey, Surrey KT16 0BJ (0932-872-195).*



Plant of the Week

Primula sieboldii

A very attractive genus of Asiatic primroses, mainly from Japan, and flowering in late spring and early summer. The leaves are softly hairy, the flower stems about six inches high but variable and the primrose-like flowers are carried in loose clusters. They are variable in colour from white to lavender and pink to quite deep shades of red. Numerous varieties have been given garden names but this has never been a really common or popular plant. It is hardy and thrives in peaty soils that are porous but do not dry out readily. A little shade will do it no harm.............. AH

TRAVEL

Round and round the Algarve

John Hopkins and his golfing friend Jenkins spend a long weekend in Portugal

YOU MIGHT not have met my friend Jenkins. Jenkins spent years attending to mundane matters so that he could throw himself at one of life's greater challenges: reducing his golf handicap to scratch. He is quite close now, playing off five at Sunningdale. He reminds me of the man who, when asked how much golf he was playing, replied: "Only days."

When I invited him for a long weekend's golf on Portugal's Algarve coast, there was a nanosecond of indecision. He was competing in the Sunningdale foursomes. He is always playing in something. "I'd love to," he said. "When can we go?"

We were to stay at the Quinta do Lago hotel and play golf on Quinta's A, B, C and D courses and at Vila Sol. Was it a feasible venue for a long weekend's golf or not?

First day. The sun on our backs felt good as we piled the car high with clubs and drove slowly out of Faro airport. Jenkins rubbed his hands in anticipation of the golf we were going to play. "The turf will be like velvet, the greens so fast and true I will not have to cock my wrists and do a full pivot," he said. And then he gave a little whimper of excitement.

When we checked in at the hotel, a receptionist smiled and wished me a happy birthday. Waiting for me in my room was a birthday cake. I rang to book a massage and as we concluded the conversation the masseuse said, with a tinkling laugh: "Happy birthday, Mr Hopkins." I wondered whether there was anyone in Portugal who did not know it was my birthday.

My room overlooked a wildlife sanctuary and a sandy beach beyond. I rang Jenkins and suggested an exploratory walk. He was shocked. "I thought we would play nine holes before supper." The hotel receptionists found a tee-time for us and within half-an-hour we were battling against a strong, biting wind.

Second day. Vila Sol, a few miles up the road, had staged the Portuguese Open the week before our visit and we were able to play the course from the same tees. The driving range was one of the best I have seen in Europe with regular yardage markers, firm turf from which to hit and good balls, far superior to the pawky range and mangy balls at Quinta.

Though it only covers 100 of the available 300 acres, the Vila Sol course is tight and it will be much tighter when the 240 villa homes and 310 apartments are sold. It will then be reminiscent of some of the golf development in Spain, and I can't say worse than that. Too tight, I thought to myself on the second hole as I retrieved my ball from plot D6-3 on the right of the fairway.

Third day. At 6.30am it is dark and cold, even on the Algarve in late March. Domingos da Silva, the managing director of Quinta, was wearing only shorts. He knew it would warm up. Soon the temperature was a comfortable 65° or so. Da Silva was accompanied by Stuart Woodman, director of golf at Trafalgar House's Vilar do Golf resort on Quinta.

Da Silva, an ebullient Portuguese, took up golf only recently. He had a hockey player's short backswing and something approaching John Daly's power. He talked and walked fast and swung even faster, as though he resented having to be silent for the few seconds it took him to hit the ball. Sometimes he talked throughout his swing.

"The first time I played with Domingos he hit a three-iron further than I've ever seen," said Woodman, a former touring pro. "But he lacks a little in finesse. On another occasion he hit a huge drive to within 30 yards of the green, and when I came upon him he was about to play his second shot with his driver as well. 'You can't use your driver, Domingos' I said. 'Why not?' he replied. 'It worked so well for the last shot I thought I'd use it again'."

After our round we sat in the sun and sipped our beer, dreamily looking at some of the trees that make up the biggest collection of umbrella pines in the world. The faces around us were bronzed and smiling. The language was predominantly English.

Fourth and fifth days. Another early start. It was barely light when we hit our first drives on the two other nines at Quinta that we had not yet played. After 99 holes in four days, my hands were blistered and my golf seemed to be getting worse. But Jenkins was in his element. "I must say that if I had to play this course for the rest of my life I would not mind," he said.

At a time when so many new golf courses are just too hard for average golfers, it was refreshing to be able to cope with Quinta's four nine-hole lay-outs. Not every par 4 required a long iron or even a wood for a second shot.

There was time on the flight home to assess the merits of Quinta do Lago as a venue for a weekend's golf. It has much to commend it over many places nearer Britain, not least the proximity of the hotel to the airport (20 minutes). Overall, my journey was less than six hours door-to-door (I live in north London). Furthermore, the flights work conveniently: it is possible to play golf on arriving at the hotel, and before departing. All this – plus guaranteed sunshine.

■ *John Hopkins* flew c/o British Airways and was a guest of the Quinta do Lago hotel. Five and eight-day holidays inclusive of accommodation, breakfast and evening meals, guaranteed tee times and green fees (18 holes each day) at Quinta do Lago, Vila Sol or Vale do Lobo golf courses are available from approximately £335 and £605 respectively per person. Also included are transfers to Quinta do Lago golf course and one hour of tennis. Further information and reservations from Orient-Express Hotels in London, tel: 071-928-6000.

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TRAVEL

She Who Must Be Obeyed . . . but isn't

An encounter with an Old Africa Hand in London helps ***Nicholas Woodsworth*** *discover why southern Africa is suffering serious drought*

ON THE afternoon I was tearing around to catch a flight to South Africa, I bumped into J D F Jones, an Old Africa Hand currently disguised as Arts Editor of the *FT*. Was I going to the Transvaal, asked the OAH, who was skulking around the High Veld before an arts page was ever dreamed of. Indeed I was, I answered, making a rush for the door and a Heathrow train; I would be driving north from Johannesburg towards the Zimbabwe border.

"You must turn right at Pietersburg, then", he shouted after me. "Head due east and you will run into King Solomon's Mines country. With a bit of luck you may find her."

"Her?" I shouted back. "Who is she?"

"She Who Must Be Obeyed, of course", the OAH replied mysteriously.

Like many people, I had spent exciting hours when younger in the exotic, dangerous, heroic world of Rider Haggard. I even remembered *She*, mysterious ruler of a remote African tribe, a beautiful queen awesome in her power and possessed of strange and terrible gifts. But no amount of luck would help me find a figment of romantic Victorian imagination. I shook my head, putting it all down to what must have been a long editorial lunch, and forgot about it.

A few days later, much to my surprise, I turned right at Pietersburg as instructed. One reason was to escape the endless plain I was driving on. Parched, dusty, and burned brown by the sun, like most of southern Africa it was suffering from the worst drought this century. Off to the east, though, I could see the green hills of the Letaba district rising in the distance.

Another reason for turning right was a listing I had found in my brochure of country hotels. Not far from the town of Tzaneen, a few hours through those hills, was the Coach House, voted South Africa's best country hotel for the last four years in a row.

Finally, I could not put a question out of my mind. Was there some substance to the story of *She* after all?

Certainly the countryside was improbable enough for any sort of outlandish goings-on, even by the everyday standards Haggard's heroes were accustomed to – trackless wastes, savage beasts, blackwater fever, assegai-swinging warriors, bewitchment by tribal sorcerers. Long ago, others beside Haggard had noted the strangeness and beauty of the countryside near the Letaba River. Here is John Buchan describing, in the early 1900s, the same road I was travelling:

"Some 30 miles east of Pietersburg, the Leydsdorp coach climbs laboriously into a nest of mountains, and on the summit enters an upland plateau, with shallow valleys and green, forest-clad slopes. The average elevation may be 5,000 ft, and on all sides one can journey to an edge and look down on a wholly different land. Mists and cool rains abound, every hollow has its stream, and yet frost is rarely known. It is little explored, for until quite lately the native tribes were troublesome. It remained therefore, a paradise with a few devotees, a place secret and strange, with a beauty so peculiar that the people who tried to describe it were rarely believed."

A few things have changed in Letaba since then. Up on the plateau timber is harvested. In the rolling lands at the bottom of the escarpment there are plantations of tea, bananas, mangoes, avocados and lychees – a rich, sub-tropical garden not yet planted in Buchan's day. Nor did the passengers of the Leydsdorp coach have the wonderfully relaxing atmosphere of the present-day Coach House to settle into. Set in fragrant woods on the edge of the steep drop down to the lowlands, it is a cool oasis of comfort and civility.

Apart from the current shortage of rain, the area remains what it has always been, a place of strange, misty hills and forests not much frequented by visitors.

A superb rack of lamb and bottle of Cape Shiraz on a terrace overlooking the escarpment did nothing to quell the question I knew I would finally have to ask. After dinner, feeling more than slightly sheepish, I asked Sally Macneill, the Coach House's knowledgeable manageress, for enlightenment.

"But of course She exists!" Macneill responded emphatically, much to my surprise. "She is Modjadji the Rain Queen, ruler of the Lobedu tribe, Transformer of the Clouds, the most powerful rainmaker on the continent. She lives by the Modjadji palm forest, an hour away. If you don't believe it, why don't you go and see her for yourself?"

And so I did, but not without some difficulty. One can no more easily stroll into the Rain Queen's royal kraal than one can drop into Buckingham Palace for tea and a chat with with Elizabeth II. Feelers were put out, calls made, delegations sent to the nearby "homeland" of Lebowa, where Modjadji V rules the tiny kingdom of the Lobedu people.

The Modjadji, in fact, leads a much more inaccessible life than the Queen of England. She lives isolated in a royal kraal, or enclosure, and very rarely appears in public. Much of her power and mystique derives from her secretiveness. But Lobedu tradition is firm on a number of points. The Modjadji queens, all powerful rainmakers, originated in the divinely-inspired, incestuous mating of a princess and her brother. Recognising that women hold over men a seductive power that could be turned to the service of the state, they established a line of female rulers free of husbands and marital duties.

Without men or armies, the Modjadji queens cunningly used their sexual powers and rain-making ability as tools of conquest to gain the fealty of powerful tribal leaders. Stories of ritual sacrifice, licentious witchcraft, and men murdered after fathering royal daughters all added to an aura of supernatural mystery surrounding the Modjadjis.

Credited with immortality and regarded as the greatest magician in the land, the Rain Queen received tribute even from the great Shaka, king of the Zulus. It is little wonder that Rider Haggard took up the story. It is little wonder that I, bearing my own tribute and accompanied by Stanley, the royal translator, eventually stood before the wattle walls of the royal kraal in a state of some trepidation.

I need not have. The Rain Queen may still be attended by a court of 42 "wives" – she is still allowed no husband – but exhibits neither an aura of supernatural power nor any great sexual flair. Although we were required to remove our shoes when we made our way across a dried dung floor to a complex of beehive-shaped thatched huts, the Queen received us in relaxed fashion. An enormous woman dressed in a red-and-black turban and a cotton print sporting a tusked elephant, she gave her audience reclining on the cool floor of the verandah of the royal residence.

But the Rain Queen knows her worth. When I presented her with my gift, a rather nice copper bracelet – I thought – she looked at it dubiously for a long moment, then at me for an even longer moment. There is no more fobbing off the locals with cheap trade goods, the look seemed to say. Finally, she suggested a more substantial gift, in cash. I hesitated, then reached for my wallet. This, after all, was She Who Must Be Obeyed. If Shaka Zulu coughed up tribute, so must I. Besides, I had a rather important question I wanted answering.

Why, I asked after lengthy preambles and pleasantries about South African inflation and the high cost of keeping 42 wives, is there no rain? The country was suffering as it has not done in living memory. Why had she failed to come up with the goods?

The Queen made no bones about it. Her ancestors are furious. Last year a Lobedu peasant woman carelessly allowed a fire to run up the hill on which the royal kraal sits. By great bad luck it destroyed the burial site of the Rain Queens. Immediate propitiation was required, and the woman was ordered to sacrifice five black cows and five black sheep. She could not; all-black animals, much sought after for witchcraft purposes, command a premium price. The Modjadji ancestors have held back the rains in consequence.

I came away marvelling at the idea that the fate of millions could hang on so little. I also came away with two seeds from the nearby grove of the sacred Modjadji palm. Reputed to have highly aphrodisiac qualities, the juice of the tree is said to have much to do with the Rain Queen's successful rule. One seed I keep for myself. The other is for a certain Old Africa Hand, proof that, as advised, I did indeed turn right at Pietersburg.

■ *Nicholas Woodsworth* was a guest at the Coach House, PO Box 554, Tzaneen 0850. Tel: (01523)-20100. Telex: 331714 COACH SA.

In the lap of luxury

By Michael Thompson-Noel

IF I WERE planning a honeymoon, which I'm not, I would be tempted to swan from one Relais & Châteaux hotel to another until the money ran out. It would evaporate fairly quickly, but I would live like a hog.

All up, there are 387 R&C hotels and restaurants in 40 countries, including 28 in Britain and Ireland. What they offer is immense attention to detail, unabashed comfort, and first-class food.

Recently, I stayed in four R&C hotels: one in France, two in Germany and one in Belgium. I was due to stay in a fifth: Hotel Schloss Dürnstein near Krems, in north-eastern Austria. But I was very late arriving, and a mega-storm was raging. I could not find Dürnstein, but am sure that its R&C establishment is as impressive as the others.

'I felt grubby arriving in my Rover, but no one threw me out'

The first one I stayed in was the Royal Champagne, in the heart of Champagne country, between Reims and Epernay. The hotel is a former 18th century staging post. It has 24 rooms with views over the vineyards. Room rates range from FFr830 (£83.75) to FFr1,350, and the cooking is profoundly accomplished. Stay as long as you can. *Petit déjeuner*: FFr70. Tel: 26.52.87.11. Fax: 26.52.89.69.

My next stop was Brenner's Park-Hotel in Baden-Baden: very grand (100 rooms), very quiet (it is in a large private park facing Lichtentaler Allee and the River Oos), yet central.

A booklet published in 1972 to mark the hotel's centenary said that clients of Brenner's Park "do not sit at the wheel of their cars when they drive up. That is not considered in good taste. They arrive in taxis or are driven by a chauffeur who can chat with colleagues in a special social room provided for this purpose."

No wonder I felt grubby arriving in my Rover; but no-one threw me out. The food is excellent. Room rates for a twin room with bath range from DM410 (£139.40) to DM1,500, depending on category and season. Breakfast: DM32. Parking: DM25 per day. The high season runs until November 30; also December 15-January 6. There is a 20 per cent room surcharge when the Baden-Baden horseracing is on (autumn meeting: August 28-September 7). Tel: (07221)-9000. Fax: 38772.

From Baden-Baden I drove to Austria. On the way back I stayed at a third R&C hotel, the Schlosshotel Kronberg, not far from Frankfurt, set in the middle of extensive parkland which contains an 18-hole golf course. The schloss was built at the end of the last century for Empress Friedrich, and is glamorous and atmospheric. Again, first-class cooking. There are 24 single rooms (DM260-DM365), 27 doubles (DM380-DM600), and six suites (DM840-DM1,600). Breakfast: DM25. Tel: (06173)-70101, fax: (06173)-701267.

Finally, I spent a virtuous night at the impeccable Hostellerie Berkenhof at Keerbergen, 30 minutes north-east of Brussels. The proprietor, Jean-Pierre Koch, is also the Relais & Châteaux president for Belgium and Luxemburg. As the press release says: "In cuisine, he detests routine and has banished sauce-based recipes from his repertoire, plunges into improvisations and masters the best produce the region offers. An expert in the art of receiving guests . . . Jacqueline Koch manages a motivated staff and 10 beautiful rooms." A double room costs BFr4,500 (£74.53) to BFr6,000. Tel: (015)-730101. Fax: (015)-730202.

■ *Michael Thompson-Noel* crossed from Dover to Calais with Sealink Stena Line, which has introduced a two-stage discount and customer loyalty programme on all routes. Sealink's Compass Points Blue Card scheme offers savings up to 20 per cent. Frequent travellers who use their blue cards to make six return or 12 single journeys qualify for a gold card, offering 25 per cent discounts. Points are awarded to all cardholders at the rate of a point per £1 spent. Sealink bookings: 0233-647047.

COOKERY COURSES

All over Europe, FT writers have been slaving over hot stoves to pick some of the best courses for cooks

Self-raising standards for food aficionados

SELECTING worthwhile cookery courses is becoming more tricky as their scope and numbers increase. Here, I have chosen a baker's dozen which should appeal to enthusiastic, amateur cooks:

A Taste of Tuscany is a glorious introduction to the area. Hosted by food writer and historian Anna Del Conte, with Betsy Newell, experienced cookery tutor, it has been praised by participants for its happy mix of cuisine, culture, comfort and companionship. It is decidedly top end of the market. The party stays in four-star luxury at the Villa Areono on an estate complete with cypress-lined avenue, classical follies, its own winery, olive oil and wild boar. Wild mushroom hunts, comparative tastings, hands-on cooking, cookery demonstrations and talks are backed by excursions – exploring Florence's famous *mercato centrale*, sightseeing in Siena, and sampling some of the best eating houses in the region. There are only 18 places on each of the eight-day courses to be held in October. Cost: £1,450 per person including Heathrow-Pisa return flights and just about everything else except for the postcards you send home.

Tasting Italy is Chiantishire again. Inevitably, there is some overlap with *A Taste of Tuscany*, but this is less luxe, more rustic. The course is based in a farmhouse where the large, airy bedrooms do not come automatically with bathrooms *en suite*. Young Italian chefs working in London take turns as instructor: Maddalona Bonino (ex 192, now putting fresh zip into Bertorelli's in Covent Garden), Francesco Zanchetta of Riva, and Claudio Percorari of Cibo. They may be joined by Lucia Bartolini, advocate of the Italian slow-cooking movement. Launched in the spring, with much rejoicing in the cornucopia of young peas, asparagus and artichokes, October sessions will concentrate on autumn produce. Cooking in the mornings, leisurely afternoons. Probably one dinner out and an after-dinner visit to a local *sagra* or festival, such as Marradi's *sagra* of the chestnut. The one-week courses in October are limited to 20 places and cost £795 per person including scheduled flights.

Further south, where the sun lingers longer, Nicola Cox escorts groups of up to 24 to Amalfi for Fine Italian Cuisine in early November and February. The party stays at the four-star Luna Convento and morning classes are given by resident chef Eurico Franzese (ex-Cipriani in Venice and The Hassler in Rome and a TV personality). Basically, it is a demonstration of the dishes that go to make up that day's lunch. Explore Amalfi, visit Ravello, Positano and Sorrento in the afternoons. Marinated fresh anchovies and the exquisite semi-sweet lemons of the area are not to be missed. A six-day course costs £729 including flights but excluding drinks, and dinner on one "free" evening.

Count Tasca's Cookery Course is a rare opportunity to savour the remarkable haute cuisine of Sicily on a family estate 55 miles inland of Palermo where up to 12 participants can stay as house guests in the homes of Count Tasca's daughters. Maria Lo Monzo, the family chef, has worked in Count Tasca's kitchen for nearly 40 years. Three hours are spend in Lo Menzo's kitchen each morning. Afternoons are spent visiting archaeological sites or exploring the estate to see the production of ingredients – wheat, wines, olive oil, orchard fruit, vegetables, poultry, sheep meat and cheeses. Dinner is at the paterfamilias' table. Courses run from Monday evenings to Saturday mornings in early November and spring and $2,000 (£1,129.90) a person covers accommodation, all meals, wines and tuition.

Gourmet breaks organised by Gencon chef-patron Andrew Daguin offer more than a mouth-watering taste of duck, goose, cassoulet and armagnac. Sunday evening to Wednesday morning "specials", available from October to April, include visits to a *marché au gras* and the cellars of châteaux Cassaigne and Monluc, lunch in a *ferme auberge*, and cookery classes in the hotel's kitchen. Accommodation and hotel meals cost FFr2,850 and you will need your own car for the outings. Serious students prepared to knuckle down to long hours can apply for professional training courses over one or two weeks.

Sonia Stevenson, master chef and chef laureate

Les Casseroles du Midi. Subject: Mediterranean *cuisine du marché*. Location: the rambling and comfortable provençal home of distiller Henri Manguin and his Italian-born wife Olga (ex chef-proprietor of Les Nattes in Avignon). Programmes and dates are *à la carte* and numbers are restricted to between four and six so events can be tailored to individual tastes. The unusual format involves daily shopping trips to Avignon market, cooking lunch and preparing dinner with afternoon outings. Favourite recipes include pesto soups, bouillabaisse, truffle omelette, *artichauts à la barigoule*, *gras double*, *pieds et paquets*, civets and daubes. Six-day courses available most months cost FFr1,000 (£101.21) per day.

For luxury and exclusiveness, La Petite Cuisine in the Savoie is hard to beat. The setting is an 18th century chalet farmhouse outside Morzino. It sleeps eight, so you could join forces with friends to make it a private house party. Your tutor: Lyn Hall, director of Michel Roux's Waterside Inn cooking school. The programme: cooking in the mornings and some preparations for dinner; excursions to a Reblochon dairy, baker, Annecy market, a mountain farm. Cuisine: Savoyard rustic finesse influenced by neighbouring Val d'Aosta, Switzerland, and the haute cuisine of Lyon and Nantua – for example, warm goat's cheese mousse with extra virgin and basil sauce. Dates and cost: Seven nights in late June or September, £8.50.

Hotelier Kit Chapman has organised a summer cookery weekend for July 9-12 at The Castle in Taunton, Somerset. Hotel comfort plus my favourite writer, Arabella Boxer, as guest speaker on English food of the '20s and '30s; cook-gardener Geraldene Holt on rare old-fashioned fruits, vegetables and herbs; a visit to Haten Court Victorian walled garden where produce is grown for the hotel; and resident chef Phil Vickery demonstrating fish cookery and barbecue lunch – weather permitting. £395 a person.

Mary Berry's Aga Workshops offer the essential introduction to the Aga plus "top up" sessions for Aga addicts: New Aga Owners, Making the Most of the Aga, More Adventurous Aga Cookery, Summer Parties, Buffets, Traditional or Gourmet Christmas, etc. One-day courses for a maximum of 18 in Mary's Buckinghamshire kitchen. A jolly and practical cook's day out. Closed in August. Cost: £68.15 including elevenses and lunch.

Master chef Sonia Stevenson, founder of the acclaimed Horn of Plenty near Tavistock, Devon, ran occasional classes in her restaurant kitchen by customer demand. The Horn has been sold and Stevenson is now London-based, lecturing, doing consultancy work and giving short (2½ to four-day) cookery courses at various UK venues. In other words, this outstanding itinerant teacher will travel to you providing a suitable kitchen is available. Stevenson specialises in sauces and fish cookery and takes six (or occasionally eight) people at a time. Participants tend to include as many men as women, absolute beginners and pros. I joined a sauce class and found it time well spent. This is serious stuff – and exhilarating. Not a minute passes without some gem of information being imparted. She starts by making you ruin a sauce to explore the nature of the ingredients. The 2½-day course, including lunch on two days, costs £195 a person.

I wrote about Carla Tomasi's Turnaround Cooks recently, so this is a quick re-cap. Day classes include vegetarian cooking of all sorts, pasta, breads, Thai cooking, chocolate workshops. Also five-day intensive courses including visits to London markets such as Brixton and Spitalfields. Held in the kitchens over Books for Cooks in London's Notting Hill Gate. £50 including lunch for a day of fun.

Loaves & Fishes Cookschool & Bookshop is yet another venture by former restaurateurs Angela Rawson and Nikki Routledge who served good, unpretentious food in a converted chapel at Rockley for several years and have written three cookbooks. Their Marlborough, Wiltshire, bookshop opens on June 1 and the kitchens on June 15. Courses will range from one to four days, covering many subjects. Fortés of their restaurant – likely to do well here, I think – include summer puddings, game cookery and traditional English puddings and pies. On the first Saturday of each month, there will be a children's cookery club for four- to seven-year-olds. One-day courses cost £62 including lunch.

Young Cooks of Britain consists of hugely popular short cookery and activity holidays for 11/16-year-olds (in practice, mostly 12-14) held in a school near Chichester. Jam-packed schedules: rounders, swimming, tennis, optional riding, treasure hunt, quizzes, barbecue, visit to a restaurant's kitchens, plus plenty of hands-on and demonstration cookery classes. Midnight feasts, yes. Television, no. Session 1: August 24-28, with Sophie Grigson at the helm. Session 2: Aug 29-Sept 2, with Janet Laurence. Maximum 20 youngsters per session. Cost: £265.

■ A Taste of Tuscany. 081-876-4509.
■ Tasting Italy. 071-627-0475.
■ Fine Italian Cuisine, Lappingford Farm, Worminghall, Bucks.
■ Count Tasca's Cookery Course at Regaleali. Tel: (39) 91-450727 Fax: (39) 921-542783.
■ Andrew Daguin, Hotel de France, Auch. Tel: (33) 62.05.00 44. Fax: (33) 62.05.88.44.
■ Les Casseroles du Midi. Tel: (33) 90.85.55.94. Fax: (33) 90 82.94.49.
■ La Petite Cuisine in the Savoie. 081-305-2299
■ The Castle at Taunton. Tel: 0823-272-671 Fax: 0823-336-066.
■ Mary Berry's Aga Workshops. 049481-3113.
■ Sonia Stevenson. 081-677-1172.
■ Turnaround Cooks. 071-278-2659
■ Loaves & Fishes Cookschool & Bookshop. 0672-516716 (day) and 0672-513737 (evenings).
■ Young Cooks of Britain. Tel: 0243-779-239. Fax: 0243-784-241.

Philippa Davenport

So you want to become a professional chef?

THE ONLY time a professional chef in Europe is likely to participate in a cookery course is when he – or she - is famous enough to run one.

From expansive – and expensive – kitchens, Michel Roux discourses on the art of pâtisserie at the Waterside Inn, Bray, Berkshire. Not far away, Raymond Blanc holds forth at Le Manoir aux Quat' Saisons in Oxfordshire.

Those with spacious kitchens and rooms have used cookery courses to stimulate takings in the quieter months and preach their vision of cooking. At Ballymaloe House in Cork, Ireland, Darina Allen passes on the cooking she learnt from her mother, Myrtle Allen. At Château de Montreuil, in northern France, top chef Christian Germain runs cookery courses in November, December, February and March (tel: 21.81.53.04.) Even those top chefs without their own permanent kitchens have been able to find somewhere to teach. You could stir fry with Ken Hom in the top hotel kitchens of Hong Kong; buy fish at the Venice fish market with Marcella Hazan; or eat, drink and learn with Sacramento wine merchant Darrell Corti in Chianti. The only two conditions arean interest in food and enough money to afford the cost.

It is this last condition which has precluded most professional cooks from learning that way. Low wages in the catering trade – at least until you reach head chef status, when you take on administrative duties as well – mean that professional chefs have, devised their own method of further education.

Once *chef de partie* status – a minimum four years' work experience after a college course – has been reached, the chef may be introduced into the *stagière* system. The chef will need to be lucky, have an impressive curriculum vitae, and a concerned and well-connected employer. Knives packed, the chef will spend an unpaid week, fortnight (or possibly longer) in one of the Europe's top kitchens.

The *stagière* network began in the early 1970s when the kitchens and dishes of France's leading chefs – Bocuse, Chapel, Vergé and Troisgros, among others – became internationally famous. It started as an informal arrangement: word of mouth recommendations were good enough and no money was involved. The chef gained valuable experience and the kitchen got a free pair of hands.

Such has been the success of this system that demand has far outstripped supply. Already this year, Shaun Hill, the popular chef at Gidleigh Park in Devon, has taken six chefs on week-long stages and has received many more applicants.

He has, in turn, sent members of his own brigade to work with Raymond Blanc, John Burton-Race at L'Ortolan, in Berkshire, and Andre Jaeger at the Fischerzunft, in Switzerland, and watched them return full of enthusiasm and new ideas.

The best chefs today receive hundreds of applications from would-be *stagières* from all over the world. Although the practice of taking on young chefs via personal recommendation still persists, top restaurants are beginning to charge handsomely for the privilege of working an unpaid stage.

When I asked Christian Germain if he thought this was against the original principles of the system, he scoffed. He said the sums in question, rumoured to vary from £600 to £1,000 a person per week, were scant compensation for the sources of supply, recipes and menu ideas which were so promptly borrowed but never acknowledged or returned.

The Academy of Culinary Arts based in Brighton, Sussex, planned to run courses for professionals but failed because of lack of support. This contrasts markedly with the situation in the US where the increased demand for professional training has been met by new courses. There are 86 professional programmes and a growing feeling that the culinary world is one suitable for serious academic study. Boston University now offers a "master of liberal arts: culture and cuisine course."

America has been fortunate in that it has been able to call for funding on another domestic industry with an interest in training professional cooks. For the past decade, a number of leading wineries have brought over chefs to teach and spread the gospel of good food and wine. In 1989, Beringer vineyards set up a culinary arts centre for professional chefs in the grounds of its California winery under the renowned Madeleine Kamman.

Each gruelling two-week course takes four chefs from differing standards of restaurants and puts them through their paces. With more than 300 applicants for each course, the hardest decision for senior lecturer Tim Hanni is selecting the chefs (tel: 707-963-7115).

Nicholas Lander

Don't be afraid to get your hands on some dough

Learning to bake the bread of heaven

IF YOU have always wanted to make your own bread, but have lacked even the basic skills required, a couple of days in Wales may be just what you need.

At the Tŷ Mawr Country Hotel, in Brechfa, Dyfed, weekend sessions introduce course members to the use of yeast in cooking and the use of flavourings to create savoury and sweet breads including a Welsh favourite, *bara brith*.

Hotel proprietor Beryl Tudhope runs the courses and numbers are limited. All the ingredients are natural, with no additives. Local stone ground flour is used from the 18th century water-powered Melin Maesdulais. Emphasis is on participation, enjoyment and personal attention. Partners are welcome and, if watching dough rise is not your scene, there are plenty of other activities to enjoy in the area.

The cost for the next course from June 12-14 is £150 per person including accommodation, meals and ingredients. For non-participating partners the inclusive cost is £55. Additional nights may be booked at £30 per person including dinner, bed and breakfast. A further course is planned for November and others will be organised depending on demand.

■ Tel: 0267-202-332/202-330. Fax: 0267-202-437.

Jill James

The Black Forest – without gâteau

AFTER the uncertain, albeit dignified, approach of English cooks to a course in Normandy, it came as quite a surprise to witness the passionate commitment to gastronomy which exists in more prosperous parts of Germany.

From my recent experience I should say that the interest which Germans take in food can be compared only to the pre-occupation of Austrians with their own wines: both amount to obsessions.

One of the newest coinages in the German language is the word "hobbycook." This describes a man or a woman who uses up a substantial part of his or her free time to perfect recipes, preferably under the eye of a talented professional.

Something of this recent German craze is evident from the competition launched by Wolfram Siebeck, Die Zeit's gastronomic correspondent, last month. Siebeck's last contest was held 11 years ago. At that time, few German men took any interest in what went into the Sunday pot. Now, the talk is of char cooked in cling-film served with potato purée made with olive oil; of tuna or shark steaks; or some recipe beloved of Frederick the Great, such as carp cooked in beer. Siebeck expects a good number of the responses to come from men.

Men were in the majority on the first course I attended: run by Herr Jehli in the Romantik Hotel Stollen at Gutach in the Black Forest. The group was not, however, exclusively masculine and a woman doctor had come on her own from Garmisch, as had a Parisian long domiciled in Munich.

In Gutach, I had a brief insight into the sort of courses which are organised by German gastronomic associations such as Feinschmecker or Marmite eV (the name will make some English people giggle, but it is no more than the French word for a cooking pot). As a businessman from Frankfurt told me, the aim was to perfect certain dishes "up to two Michelin star standard."

I had a chance to see how this worked out in Jehli's kitchen. To my surprise, we stood around armed with spoons while the genial Jehli and his crew prepared our meal. Only one man, a pharmacist, managed to change the course of a sauce, and then after repeated pleas to be given some responsibility in the affair. At its worst, I thought, hobbycookery was little more than a superior way of exciting a jaded appetite in an advanced consumer society.

My second cookery course was in the Romantik Hotel Adler Post at Neustadt, above the popular Black Forest resort of Titisee. Here, courses were prefaced by a magisterial exposé on raw materials delivered by Rudolf Lipp from the catering school in nearby Villingen.

Some of Lipp's wisdom was stirring stuff: how to choose the right (white) asparagus; the decline of freshwater crayfish; the need to avoid Danish farmed salmon.

In the hotel kitchen I was set to work with a pleasant, if laconic, landscape gardener from Hessen who bred sheep as a hobby (more hobbies!). Over the two days of cooking together, we prepared some highly-spiced Barnsley chops with a yoghurt sauce; some entrecôtes with chervil sauce and maize drop-cakes; and a combination of asparagus and just-cooked salmon under an orange butter sauce. Except on the evening of our arrival, we ate our own creations.

I had done little more than visit Jehli's course in Gutach. Perhaps because I was there for the duration, I found the atmosphere more relaxed in Neustadt. After dinner on Saturday night, Herr and Frau Ketterer invited us over to their *Stammtisch* (the regulars' table) where a lively discussion took place on the difference between a "fillet" and a "*Lendchen.*"

Both courses were in German but, given sufficient numbers, it would be easy to arrange for someone to translate. All three Ketterers, including the 93-year-old mother, speak impeccable English and there is the added bonus of a charming Sri Lankan sous-chef. Both hotels are in ravishing locations.

■ Information about Romantik Hotel courses may be had from Representation Plus, 375 Upper Richmond Road, London SW14 (tel: 081-392-1589; fax: 081-392-1318). The next Adler Post course is scheduled for the last weekend in November. Prices start at DM455 (£154.70) per person: but you will need to make your own way to the Black Forest.

Giles MacDonogh

The proof of the Norman pudding...

THE situation must be quite idyllic in season: a Second Empire manor house built in honey coloured sandstone, surrounded by its own park and lying just 2km from the Channel at Port-en-Bessin. If you point your nose in the other direction, within five minutes you can be in the centre of Bayeux with its cathedral and tapestry. Off-season the weather can be as treacherous as that in Britain: walking down to the coast on the day of our arrival I was all but blown out to sea by a freak gust of wind.

La Chenevière is a 15-bedroom country house hotel which opened just four years ago. Already it has received a number of very positive reviews, especially for the quality of its kitchen. The rooms are extremely comfortable and golf courses and stables abound for hearty guests. For the more sedentary the hotel is well situated for excursions to local beauty spots.

The cookery weekends at La Chenevière are organised by Arblaster and Clarke, a Hampshire company which specialises in wine tours. The four-day trip to Normandy includes 1¼ days spent visiting Calvados producers with plenty of opportunites to sample local ciders. On the last day of the cookery course we were also treated to a calvados tasting put on by Yan, La Chenevière's maître d'hotel. This proved one of the most popular extra-curricular events on the course.

The chef at La Chenevière is François Laurent, a tall, shy man in his late 20s whose self-confidence tends to desert him as soon as he leaves his kitchen. Within his domain, however, he is an able teacher and communicator, with a good command of English. Laurent and his team showed admirable patience when it came to dealing with a posse of cack-handed interlopers clogging up the usual flow of a fast-moving kitchen.

There were eight people in the group. Apart from one professional couple, the rest were retired. Lynette Arblaster, who accompanied the group and acted as interpreter, thought the relative seniority of the participants quite usual given the length of the trip: younger people tend to find it difficult to take four days off.

The two cookery sessions took place on Friday afternoon and Saturday morning. We were split into three groups and each of the three prepared a course. When an important technique needed to be understood, Laurent halted the class and brought us all together to demonstrate the principle; when this was over we returned to our separate corners of the kitchen.

The high points in these demonstrations were: the puff pastry (with Laurent whacking the butter into shape with his rolling pin); different stocks and courts bouillons; the uses of pork caul; crème pâtissière and sabayons; filleting fish; how to use unripe or overripe cheese in tarts or ramekins and, of course, all sorts of creamy, buttery, appley Norman specialities suitably splashed with calvados.

What struck me as quaint at the time was the readiness of our group to prepare things which they would have eaten only with the greatest reluctance. The greatest interest was elicited by the preparation of puddings, cakes and biscuits, and I can imagine that some of these have already been served up to friends of the participants in Wales, Hampshire and Surrey.

Although there was considerable interest in trying the products of our labours, on the two occasions we ate in the hotel dining room, we were offered a menu devised and prepared by Laurent. We never learned what happened to our own *chef d'oeuvres*. I suspect they must have been consumed by the staff.

With just two cookery sessions the workload was comparatively light. Saturday lunch we ate in a *ferme auberge* a few miles down the road before visiting the pontoon harbour at Arromanches – and spending the rest of the afternoon in Bayeux. Bayeux was also our destination on Sunday, where we were due to lunch at the Lion d'Or, the only local restaurant with a Michelin star. Before lunch there was the chance to visit the tapestry and look at scenes of feasting Normans who, like us, were fortifying themselves prior to setting sail for England.

■ *Information*: La Chenevière, Escures-Commes 14520 Port-en-Bessin-Huppain (tel: 31.21.47.96). Arblaster and Clarke, 104 Church Road, Steep, Petersfield, Hampshire (tel: 0730-266883). The next cookery course at La Chenevière is scheduled for October 7-11. Price £409 per person.

Giles MacDonogh

Rejoice, bosoms are back at the poolside

*Summer is here, and **Lucia van der Post** has been browsing amid the latest lines in fashionable swimwear and garden goods for lazy days*

"ENGLISH WOMEN are so refined," goes Roy Campbell's famous couplet, "They have no bosoms and no behind."

THIS was a view clearly endorsed until a few years ago by the British swimwear industry, which seemed to regard bosoms more as optional extras or vulgar inconveniences best ignored, disguised or flattened.

As underwear has become more and more of an influence on mainstream fashion so the bosom has, at last, been properly reinstated and the latest swimwear does as much for the modern bosom as any of Esther Williams' ritzy numbers did for hers.

Often the line between underwear, swimwear and even eveningwear turns out to be more a matter of semantics than anything tangible.

There are bodies (for the uninitiated the body, a must-have these days in the fashionable wardrobe, is a clinging Lycra-based number, a cross between a foundation garment and a blouse) that double as swimsuits, and swimsuits that can also be bodies.

There are bras that can be worn as bikini tops that are also corsets, and corsets that are also bustières which can, and often are, worn under the chicest of dinner jackets.

A range such as La Perla's, for instance, comes in solid colours with lots of tassels, beading and jewels drawing attention to the bust.

All it takes is confidence – flaunt it during the day and it becomes daywear, put it under a sequinned jacket and it becomes a bustière, dive into a pool and it is a swimsuit. So there.

Part of the reason for the trend has been the invention and development of stretchy Lycra-type fabrics which have become the mainstay of the lingerie and swimwear industries as well as an essential ingredient in the skinny, figure-hugging dresses so beloved of Azzedine Alaïa and his many imitators.

But, besides the stretchy fabrics, the best of this year's designer swimwear also uses corsetry techniques more than ever before – underwiring, padding and clever stitching are all reminiscent of the corsetiere's art while the best, most modish of swimsuits feature proper built-in bras.

Many swimwear makers deliberately give swimwear extra roles to play by offering ancillary pieces such as leggings, skirts, sarongs, shirts or cover-ups that can be quickly flung on for walking into a restaurant, for going shopping and even for a glam evening out.

The trend, beginning with the exclusive, expensive designer names such as Giorgio di Sant Angelo, Gideon Oberson, Liza Bruce et al, has now become part of the strategy of the more accessible manufacturers as well.

Even Marks and Spencer this season has a stunning black and white gingham swimsuit (seen photographed here above right) with a beautiful crafted, built-in bra for just £19.99. You could almost plan an entire holiday wardrobe around it.

Seen here with matching Lycra Capri pants (£15.99), there are also shorts, skirts and shirts in the same gingham fabric, as well as the black PVC mac with the same gingham trim photographed here (£65.)

At the other end of the design and price scale, Moschino has also used gingham, appliqued with fruits and flowers. Much of it can be teamed with other pieces in his collection. If you are tired of gingham you can go for his nautical look – all navy-blue and white or cream with lots of gilt – lots of fun.

Slix, one of the leading swimwear companies, has always been good at seeing swimsuits as the basis of a holiday wardrobe and this year almost all its swimsuits come with a range of matching or mixing lycra Capri-style pants.

Photographed above left is one of this year's designs – a daisy print two-piece bikini (£39) in a navy and white daisy print over which is shown shorts (£51) and a shirt (£75).

Two of the best-known swimwear companies, Slix and La Perla both started life making underwear. Slix was a corsetry company in the mid-1930's and only moved into swimwear after the Second World War. For this season's collection, the fashionable swimsuit draws heavily on subtle corsetry techniques – the swimsuit rather than the bikini is the style to go for.

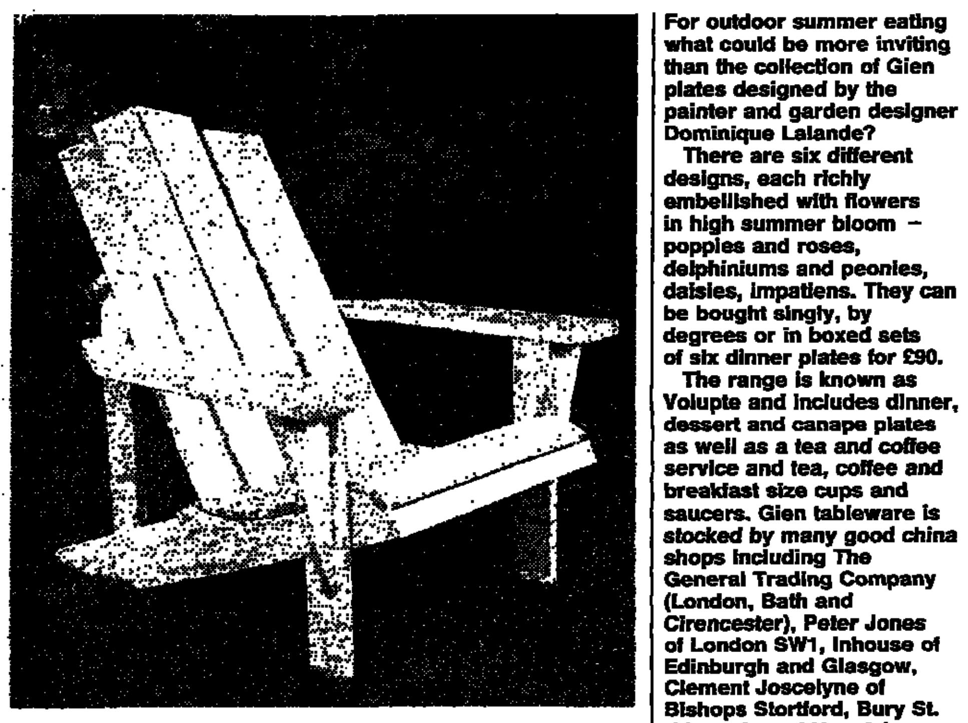
The 1950s-style sweetheart necklines, sculpted accentuated bra-shaped tops (look at Slix's one-piece black velour swimsuit, above centre, £56), lots of colours and, in the case of designers such as Moschino and La Perla, lots of drama and fun as well.

■ A good range of Slix swimsuits is stocked by Fenwick of Brent Cross and by House of Fraser stores.

THE Adirondack chair is one of those products that must be a marketing person's dream – originally a simple rustic chair, first produced during the 1920s in New York State, it somehow evolved into a classic design that has gone on . . . and on . . . and on.

It is not the most graceful of chairs but it has a sturdy rustic quality, a directness and an honesty of purpose. It is also very durable and has arms capacious enough to double as side-tables for drinks or newspapers. Most property rustic holiday cottages or log cabins in New England would have one on their verandahs.

Graham Hayes, of Bromfield Manor Fine Furniture, is more typically engaged in making 17th and 18th century style furniture but he decided to try and produce a definitive Adirondack Chair with his partner, Paul Maddocks. They analysed what made it such a classic, looked at many examples of the genre and finally come up with their model, made in sweet chestnut and called The American Dreamer. It comes in four different forms at four different prices. In do-it-yourself kit form it is £210; assembled, ready to finish (ie finished except for oiling) it is £245; assembled and oiled it is £255. This last is probably the most attractive version but those who plan to leave one out to face the rigours of the British weather ought to opt for the most traditional finish – painted white or dark green, for £280. Prices include UK delivery/VAT.



■ *Bromfield Associates, Bromfield, Ludlow, Shropshire, SY8 2JU. Tel: 058477-540.*

For outdoor summer eating what could be more inviting than the collection of Gien plates designed by the painter and garden designer Dominique Lalande?

There are six different designs, each richly embellished with flowers in high summer bloom – poppies and roses, delphiniums and peonies, daisies, impatiens. They can be bought singly, by degrees or in boxed sets of six dinner plates for £90.

The range is known as Volupte and includes dinner, dessert and canape plates as well as a tea and coffee service and tea, coffee and breakfast size cups and saucers. Gien tableware is stocked by many good china shops including The General Trading Company (London, Bath and Cirencester), Peter Jones of London SW1, Inhouse of Edinburgh and Glasgow, Clement Joscelyne of Bishops Stortford, Bury St. Edmunds and Norwich.

IF IT'S June it must be hamper time . . . again. Regular visitors to Glyndebourne, Ascot, Henley et al presumably have a routine of some sort worked out. Many established catering companies and hamper specialists will pack, deliver and generally do handstands if that is what you want and you are ready to pay for it.

However, if you are new to the hamper scene or are looking for a present to give to a young couple it is worth mentioning The Wetherby Coolbasket, some of the proceeds of which go to The Romanian Orphanage Trust.

The cool basket is a standard but useful cool basket shape – big enough to take bottles and a good supply of chilled food – but the wickerwork for the outside is hand made by craftsmen in Suceava in Northern Romania. From every sale £5 will go to an orphanage at Piatra Neamt, close to Suceava, which cares for 130 children under three.

The basket is sturdy and well-made with webbing handles and besides the cool basket it houses a salad basket and a wooden chopping board. The Wetherby Coolbasket is £89 (plus £7.50 p + p) from The Wetherby Company, Springfield House, Aston Tirrold, Oxfordshire, OX11 9DD. (Tel: 0235-851340).

As to filling the cool basket, Harrods – which has long had a tradition of doing the sort of "gift" hampers that may come in handy as corporate gifts but are not the sort you would take to Glyndebourne – will now put together picnic boxes filled with food freshly cooked by the Harrods chefs. This means you can either order from the suggested menus (they really are fresh and very generous, no miserly little portions, The Regatta at £19.95 per person, The Ascot, £37.50, The Harrods De luxe, £79.50) or you can call in or ring up and discuss your own preferences.

Most hamper-filling companies tend to use outside caterers – these are freshly cooked on the premises for the day. Wines from Harrods wine department are extra but during the month of June there is a special offer of Billecart-Salmon champagne of £16.25 a bottle, Rosé by the same house for £23 (or try a half bottle of the Rosé at £12.25 – delicious with strawberries).

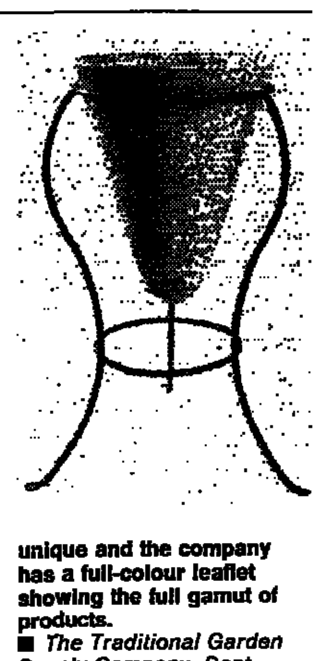
THE TRADITIONAL Garden Supply Company is a little mail order company that sells nothing fancy, nothing complicated – just a few gardening needs that it is not always easy to track down.

Pictured right is a hand-forged wrought-iron planter with a verdigris finish, which holds a frost resistant terracotta cone pot – simple and appealing and quite bulky to carry home, so a useful item to order by mail. It is 24 inches tall, 13 inches in diameter overall, £29.99 (including delivery).

The Boot Bench is a combination of bench and storage box – inspired, says the company, by the American Shaker style, it is simple and functional and is designed to be kept near the back door. It is large enough to house the dirty boots, gardening gloves and secateurs, is stained an attractive forest green and is 3 ft long by 1 ft 6 ins wide by 3 ft high at the back. £149.99, inclusive of delivery.

One other useful item is the easy-wheel trolley – a little wooden platform on wheels which you slide under heavy pots if you want to move them around the garden or patio. £24.99.

Most of the products are unique and the company has a full-colour leaflet showing the full gamut of products.



■ *The Traditional Garden Supply Company, Dept Broch 1, 22 Guildford Park Road, Guildford, Surrey GU2 5ND. (Tel: 0483-450080).*

Hammocks, like hampers, are a quintessential harbinger of summer – just the idea of them is enough to make the heart lift. They are not always as easy to track down as they ought to be, but now William Welstead has started importing Yucatecan versions from Mexico. In brightly-coloured hand-woven cotton net pulled together at each end by nylon arms, they are as wide as they are long so that those who are lucky enough to have time to drowse lie crosswise across them rather than lengthways, making them rather more comfortable.

Besides being wonderful additions to any garden which has two sturdy trees (for which you will need good strong rope) they can also double as spare beds indoors (attach to heavy duty wooden hooks screwed into ceiling joists). They come in two sizes – Doble (sic) £35, allegedly big enough for two (smallish) people but better for one, and Matrimonial, £45, big enough for two people plus baby and dog. Order by mail from William Welstead, Little One, Quay Street, Orford, Woodbridge, Suffolk. Tel: 0394-450581.

If you prefer your hammocks more austere, The Conran Shop, Michelin House, Fulham Road, London SW3 has them in unbleached cotton at £50.50.

Uncrushable suit, lightweight shoes and...

Globetrotting journalists do not need collapsible canoes — they travel light, says ***Nicholas Woodsworth****, who has been scouring London's specialist shops for clothing and other items that a writer might need in his rucksack*

BEFORE William Boot, newly-appointed foreign *correspondent of the Daily* Beast, set off on assignment to a distant corner of Africa, he made his way to a London outfitter and ordered what he believed to be tools vital to his trade – a dozen cleft sticks with which native runners could carry his despatches to the *outside world. But that* was *not* all. Put into the hands of the efficient shop assistant Miss Barton, he ended up with the essentials that no modern traveller could be without.

"By the time she had finished with him, William had acquired a well-, perhaps rather over-, furnished tent, three months rations, a collapsible canoe, a jointed flag staff and Union Jack, a hand pump and sterilising plant, an astrolabe, six suits of tropical linen and a sou'wester, a camp operating table and set of surgical instruments, a portable humidor, guaranteed to preserve cigars in condition in the Red Sea, and a Christmas hamper complete with Santa Claus costume and tripod mistletoe stand, and a cane for whacking snakes."

Evelyn Waugh's description of travel haberdashery in his satiric novel *Scoop* is tongue-in-cheek, *but* not altogether unrealistic. Just 50 years ago, when the British empire still stained maps red from Guyana to Rangoon, travel was far removed from the casual, light-weight affair it is today.

Administrators, soldiers, and civil servants went out to the colonies by *the thousands. They travelled* by sea, and although the wealthier ones went p.o.s.h. – port out, starboard home – to avoid the worst of the tropical sun, weight allowances were such that no one had any excuse not to bring out with them all the formal accoutrements of *their age and social class. Dinner* jackets might not make as much sense as sarongs in the dank jungle heat of the Malayan night, but shed so much as a cummerbund and Reggie, Biffy, Pongo and the others might never ask you to play a chukka with them again.

Times have changed. For most of us, steamer trunks, collar studs and personal valets have long disappeared, and what we can take abroad to wear is limited by a 20-kilo air allowance. Nor are the fashion dictates of the age quite as rigorous as they used to be – we travel mostly now for leisure and relaxation, and in most situations it is perfectly acceptable to dress with that in mind. Britain, in fact, is one of the last strong-holds of a more formal style of casual attire; on seaside promenades, in hotel lounges, on *informal* evenings out, Britons on holiday at home will wear jackets and ties where Frenchmen or Americans would not dream of it.

But even if you want to join the jeans and rucksack set – and most people do not, for this would be almost as limiting as travelling with formal evening wear only - selecting just what to bring along remains something of an art. A compromise between what you would like to have with you and what is practical to take, it can make the difference between a wholly successful and a wholly miserable trip.

Some of the things people take are neither practical nor attractive. Any time I pack a bag and feel the slightest hesitation over any article, I cast my mind far back to a disastrous trip home from Sri Lanka after a theft from a bus roof had left me with no baggage at all. Preferring to spend most of the funds I had left on a cheap Aeroflot ticket, I put the money saved into the hands of a Colombo tailor, who, it turned out, was far better at talking than sewing. I ended up spending two days in Moscow in February in a bright and baggy salmon-pink tropical suit, borrowed red woollen socks, and sandals.

It was an outfit so horrible that Muscovites simply refused to acknowledge my existence. Bemedalled officers on icy streets stared straight through me. The lady at the Bolshoi box office declined to sell me a ticket. Waitresses refused to notice me. The memory is enough to make me put any article not entirely appropriate back where it came from at once.

Most questions of travel clothing and accessories, of course, are *solved* with common sense. We know if we are going to be in a hot country or a cold one, in a sophisticated city, at an elegant country resort, or on a rough, deserted trail far from civilisation, and we dress accordingly. A few reminders, though, might be useful.

■ Never take more than you can comfortably carry. You may not be planning a dash across the roof of the world, but the length of a Roma Termini railway platform can seem just as daunting if you are loaded down and in a desperate hurry. While wheeled suitcases do help and are fine for screaming across slick floors at Heathrow, not even Nigel Mansell could get the same luggage to roll an inch at airstrips in Borneo, Katanga, or the Sierra Madre. The old rule of thumb still applies: pack your bags with as much as you think you need, then remove half of it.

■ Most things you can buy at your destination. If Malaysians live perfectly happy lives in sarongs, it is because such wear is eminently suited to their surroundings. No one suggests you go native, but wherever you travel there are lots of locally made items of clothing that are cheaper, better adapted to the immediate environment, and more easily available than those at home. And if you insist on having western consumer goods, there are very few places in the world where you cannot now purchase them.

■ Never buy third world footwear. This is the one great caveat to local shopping. If there is an item that precisely indicates a nation's level of development more surely than any World Bank study, it is shoes. Under-developed countries produce under-developed footwear, and nothing can ruin an exotic place more quickly than seeing it at a painful limp. Here is one area where good old American know-how is invaluable. I never travel anywhere without my Rockports, the lightest and most comfortable shoe I know.

■ Subscribe to fashion that is current and local. If you are going to St Tropez, Gstaad, or some other fashionable watering hole, and want to be as "in" as you can get, do not buy your clothes in London before setting out. You may pay a little more buying a summer outfit at Naf-Naf on the Vieux Port, but you can be sure it is up to the minute.

■ Avoid ostentation. In many parts of the world, both developed and under-developed, travelling about with expensive clothing, video cameras, costly watches and jewellery conspicuously displayed can not only set you apart from the people you are trying to get to know; it can also set you up for a mugging around the next corner.

Simplicity and restraint, then, would seem to be the key to successful travel. But there is more to it than that, as I discovered when wandering around several London shops specialising in travel-wear and accessories. By using high-tech fabrics, light-weight materials and a bit of ingenuity, you will find that even a small suitcase can hold everything you need to withstand trials from desert sand storms to ambassador's garden parties.

Begin, for example, with the case itself. There are myriad bags for every purpose, but at The Survival Shop – the closest you will come these days to the colonial emporium *of old – you can get a very present*able and practical suitcase and rucksack in one. Unzip the side panel of several models of Lowe or Wolfskin cases and suddenly you have a rucksack with comfortable interior tubular frame and padded shoulder straps. Prices range from £55 to £140.

Natural fibre or polyester? For years the debate has raged, proponents of cotton and wool saying that wearing synthetics in the tropics is like wearing a sweaty plastic bag, supporters of polyester claiming there is nothing like it.

In *Piccadilly's Airey and Wheeler* – a shop specialising in a wide range of men's tropical suits – I was shown a £185 businessman's pinstripe suit, of polyester and wool, which can be machine washed. Their best selling single item, though, is the Pinfeather suit, a polyester-cotton mix which, they claim, is uncrushable, machine-washable, does not require

■ Continued on opposite page

Musts for the wardrobe

***Lucia van der Post** looks at the second Boden catalogue*

WHEN JOHNNIE Boden, a former investment banker, bored with city ways and city life, launched his first Boden catalogue a few months back readers immediately took to his strictly edited range of carefully-chosen basics – no complicated choices, no vast ranges to peruse at great length, just great, simple clothes.

Naturally, when things become successful they tend to grow so that after what Johnnie Boden calls The First Great Clothes Hunt we now have...yes, The Second Great Clothes Hunt. Many of the additions to the new catalogue have come about because customers have asked for them.

For instance, the 100 per cent Irish Linen trousers emerge early on in the book because, according to Johnnie: "I asked you which clothes you wanted to see next time round. Linen trousers came top. Not that I needed much persuasion."

He adds: "All right, they're not cheap (£60). Linen creases annoyingly. But somehow you know this. You expect it. If you saw linen trousers that were cheap and didn't crease, well, they wouldn't be linen. 100 per cent pure Irish linen, the fabric that has served man and, above all, that hybrid, ex-patriate man, for centuries.

"When you wear linen trousers, you are saying, I don't care. So what if they crease. At times, you just have to wear the coolest fabric ever woven. Linen can absorb about a fifth of its own weight in moisture, releasing it quickly (now you know why it is used for drying-up *cloths). The next time* you feel The Mad Dog stir within you, find some midday sun, put these on and revel in it, " says Boden.

This gives you not only the specific details on the linen trousers but, possibly more importantly, conveys the authentic flavour of the catalogue. Every item chosen is discussed or justified if you like in Johnnie Boden's own inimitable style. The 100 per cent cotton China Blue Shirt at £37 a time has been chosen because: "Occasionally, I wake up and don't care. It's a sunny day, the window box is in bloom, all's right with the world. On days like this, though a certain smartness may be required, the perfection of a poplin shirt seems out of step with the general abandonment. I need something, if not frivolous, then definitely lighthearted."

The new additions to the catalogue have all been chosen for similarly personal and idiosyncratic reasons, working on the principle he first propounded. that if it appealed to him, then it probably would appeal to others, too.

There are linen shirts and panama hats, velvet slippers and check shirts, there are heavy duty cotton canvas linesman bags, "I *admit it,* these bags are basic. The materials are straightforward, the construction is simple and strong. They have a fundamental, wholesome quality." . Then there are pure wool picnic rugs (£45 a time), lots of cufflinks (plain and jokey, from £16 to £36), and a rather curious range of ties (flowered, checked,starred, spotted).

One of the innovations is that the range of unisex clothing has been increased – items such as cotton-checked shirts come in sizes that women could happily don, panama hats and cotton sweaters, and the expanded range of bags and luggage are all designed to appeal as much to women as to men.

He has, however, stuck to his original tenets – nothing high fashion, nothing quirky (well, if you do not count the distinctly quirky Thai baseball hat), nothing that even hints of a total life-style. And yet he manages to make sure that nothing in the catalogue is boring or fills one with that sense of having seen it all before – *it is a clever mix of the classic* "must-haves" and the basics that are hard to track down.

He aims to deliver orders within ten workings days of receiving them and will, if it is more convenient, deliver to a work address.

Where he goes from here, it will be interesting to see. For the moment much of the charm of the operation lies in its smallness and its quirkiness – The Second Great Clothes Hunt has survived expansion with the original concept intact. The range is still sufficiently small for one not to feel overwhelmed when searching through it or for the basic principles to be compromised. Whether it could survive much more growth, I am not so sure.

Anyone thinking that the Boden way of dressing is likely to be theirs should write for a copy of a free catalogue to: Boden, 9 Forge Court, Reading Road, Yately, Cambridge. Tel: 0252-861112.

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FOR CHAPS who believe that when *it comes to the delicate* matter of after-shave to indulge in it is better to err on the *side* of the discreet, rather than the insistent, Penhaligon's is *one of the safe, sure* names. Others may have higher profiles, others may laud their wares more flagrantly but Penhaligon's has an enviable reputation of tradition and know-how.

Although the recent company is not all that old (Sheila Pickles revived it in the late 1970s) its reputation for quality,tradition and classicism has been built on the fact that it has revived centuries-old formulae such as Hammam Bouquet and Blenheim Bouquet to please its male customers. It has developed six new gentlemens' colognes and, again, in the Penhaligons' tradition, they have been recreated from century-old formulae.

Eau de cologne (most classic of them all, mainly based on citrus oils), Extract of Limes, Esprit de Lavande, Eau San Pareil, Esprit du Roi and Eau de Verveine all come simply but beautifully bottled and boxed. They cost £16 for 50 ml, £35 for 200 ml and £50 for 500 ml and are available from all Penhaligon's shops, including the one at 41 Wellington Street, Covent Garden, London WC2, or by mail on 081-880-2050.

C

...cleft stick

ironing, and can even be bunged into a tumble dryer. Very popular with hard-travelling, hard-nosed journalists, this indestructible outfit is the sort of thing Superman would wear when his own gear is at the dry cleaners.

I, too, own a Pinfeather, but in weaker, more sensitive moments tend towards natural fibres. They may not survive a suitcase as well, but they are light, they breath and above all, they look and feel comfortable. For those with both fashion and comfort in mind, I would recommend Travelling Light, a specialist company which deals in smart casuals in light cottons, twills, linens, silks and woollens for both men and women.

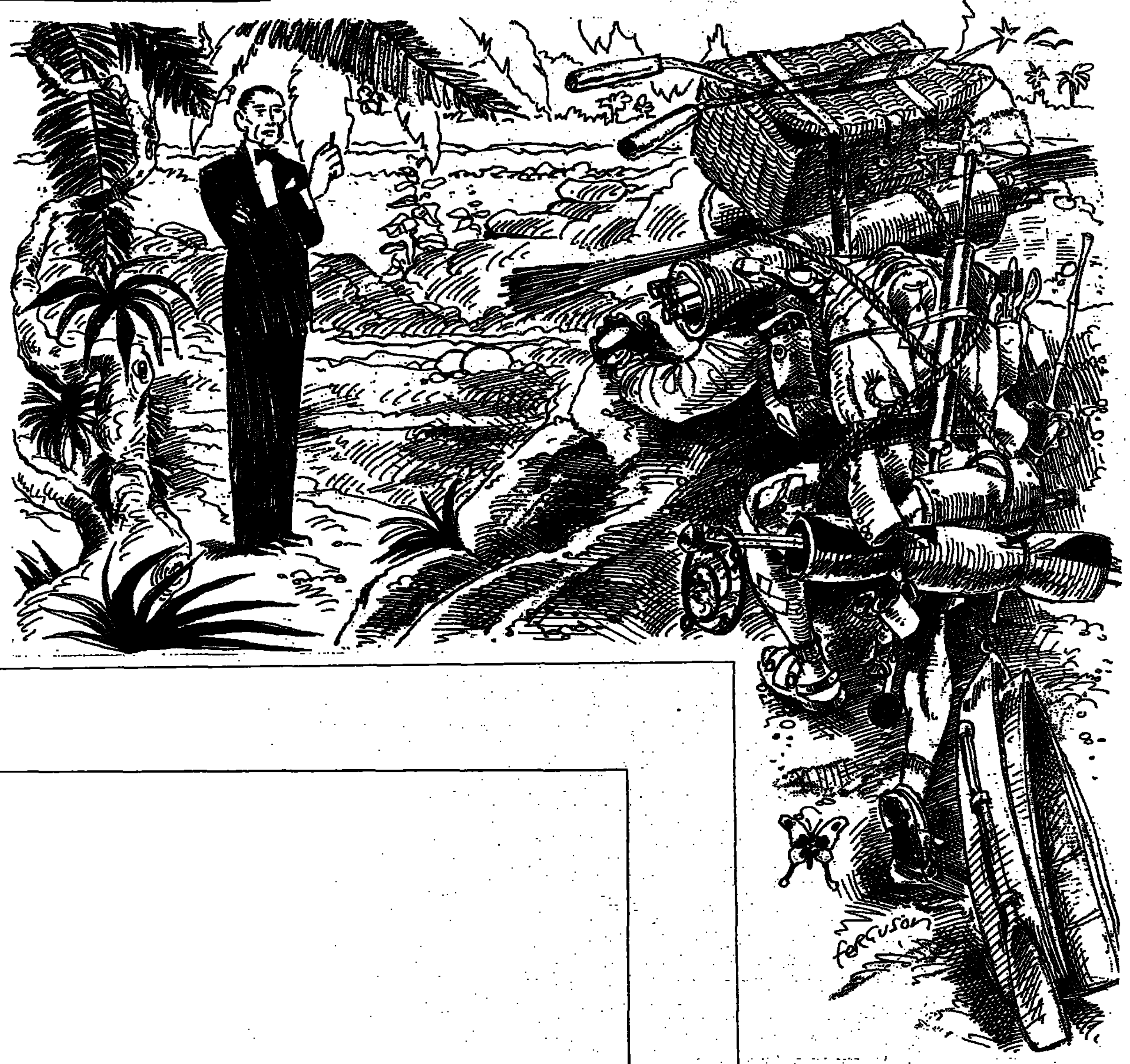
The debate, however, may soon be irrelevant – science is evolving a wide range of man-made materials that are tough, light-weight, wind and water-proof, easily washable and still have the advantages of natural fibre.

For example, Gore-Tex, the bonded membrane that allows body-generated vapour out but not water in, can be applied to much softer, more fashionable material. Polyester "fleeces", worn under porous waterproof shells, now provide greater warmth than wool with a fraction of the weight. Cotton ventile, used by RAF pilots, is warm and windproof, but can breathe. Waterproof hydrophilic-coated jackets weighing only half a pound can be fitted into you pocket. Pertex, by allowing perspiration to evaporate by capillary action, permits the wearer great exertion and warmth without discomfort.

For those intending climbing, walking and camping holidays, the Survival Shop and the Youth Hostel Association's Adventure Shops are good places to become familiar with such high-tech products.

My greatest surprise in wandering around London's travel and leisure shops, however, came not from the ultra modern but from a rather old-fashioned establishment, Farlows of Pall Mall. It is the sort of place where country aristocracy bump about looking for beagle-motif ties to match their tweed shooting jacket and breeks. There, in a rack of walking canes in a corner, stands a cleft stick. I did not enquire into its function, so delighted was I to find it. Do not despair, William Boots of the world, there is hope yet. This weekend I am off to find a collapsible canoe.

■ *The Survival Shop, 11-13 West Colonnade, Euston Station, London NW1 2DY, tel 071-388-8353.*
■ *Airey and Wheeler, 44 Piccadilly, London W1V 9AJ, tel. 071-734-8616.*
■ *Travelling Light, High Street, Bletchingley, Surrey, tel. 0883-743456.*
■ *The YHA Adventure Shop, 14 Southampton St, London WC2E 7HY, 071-836-8541.*
■ *Farlow's of Pall Mall, 5 Pall Mall, London SW1, tel. 071-839-2423.*



A good omen: rude waiters

AS KEITH Waterhouse has so memorably put it – there will be no problem in knowing when the recession is really over. The signs will be there, as significant as the Star in the East. "Shopkeepers will abandon their strange new mantras 'Can I help you' and 'Would you like to order one?' and revert to the familiar 'Sorry, we're just closing' and 'If you don't see it we haven't got it.'

If that be a good litmus test – and I cannot think of a better one – the recession still has a little way to go but some early warning signs are beginning to emerge. It is getting harder to catch the assistants eye in some shops, a waiter in one smart London watering-hole is beginning to adopt a snooty "what do you mean what is blackened carpaccio?" tone and a friend complains that having spent £180 on trousers at a chic London shop she could not get them altered in under two weeks . . . three swallows, not yet a full-blown summer but I sense that something somewhere is beginning to stir. On the fashion front there is a flurry of new happenings and openings, all of which speak at least of optimism if not yet concrete results.

At Harvey Nichols in London's Knightsbridge they seem to have been especially busy – over from the US they are bringing the oh-so-chic collection of Kleinberg Sherill handbags, belts and other must-have accessories.

To those unfamiliar with the Kleinberg Sherill line, it is a newish (started in 1983) company which kicked off with a little collection of five alligator belts (all alligators authorized, *of course*) and great sterling silver buckles. Not cheap, at anything from £250 to £895 a time, they took off from the start, being snatched off the counters at Neiman Marcus, I. Magnin and Bergdorf Goodman as fast as they arrived.

Belts are still a big seller, one of the special features being that the buckles are removable so that they can be used with any other Kleinberg Sherill belt. Many of the original motifs developed as buckles, like the 'love knot' and 'rope stitch' appear time and time again. They turn up, paired, as earrings, are worked into the embroider of a silk evening clutch bag, are sculpted as a buckle, are worked into belts and incorporated into clasps in the hand-bag range.

The hand-bags for summer come quilted in jewel-bright colours – fuschia, scarlet, butter yellow, aquamarine blue and for evening the same brilliant colours come silk. These are all gutsy, extrovert accessories – designed to set off a silk dress, a flamboyant suit, to bring a flash of colour to a plain black dress. But they are quality-made and prices are high. Little roped quilted bags start at £300, the belts at £250.

Down in the basement there is a whole raft of new collections in the Contemporary Menswear department – Byblos, Dolce e Gabbano, Kenzo, Adolfo Dominguiz, all worth checking up on for the chap who likes to dress in an utterly contemporary yet classy way. These are the *crème de la crème* of modern menswear, so once again do not expect bargain basement prices – what designers like these provide is excitement coupled with quality. The collection of so many of the best and brightest together in one department offers a marvellous opportunity for the chap to compare and contrast them. Anybody wondering just what it is that one of these new-wave designers could possibly do for him that Saville Row cannot has a marvellous chance to find out.

Great excitement in London's Old Bond Street where a splendiferous new five-floor flag-ship Versace emporium has opened at no 34 – 35. Anybody who knows the Versace style – and those addicted to that new opiate of the nation Hello! magazine will not have been able to avoid full exposure to his lines – will not be expecting anything quiet, restrained or understated.

Here the full panopoly of the Versace style has room to runs its untramelled course – whether it be a richly coloured silk scar, a glittering gilt-embossed handbag, some beribboned shoes or gilt-studded jeans – here is the place to find them. Ascot, I predict, will never be the same again.

L.v.d.P

SPORT/MOTORING

Cricket

Umpires need to put their foot down

PAKISTAN'S spirited cricket this summer, notably in their struggle with England at the Oval last Friday, has highlighted several issues which never loom large in the modern game: issues of play, not public relations.

While comment on the ancient art of swearing at the enemy continues to proliferate, little has been said about the far more interesting question which Inzamam-ul-Haq's dismissal at the Oval brought to light but not, for some reason, to much discussion.

Inzamam was out leg-before-wicket to Derek Pringle for 15. He left the pitch with momentous slowness, trailing his bat behind him across the grass in little stretches. He was not pleased with the decision. Nor were any of his countrymen. A group of Pakistani spectators near me shrieked and held their heads, bewailing his departure. "Again! Again! Given out when he's not out!" I plucked up courage and asked why he was not out. The answer came with furious contempt. "Because he was playing forward."

***Teresa McLean** on the contrast between this summer's test opponents*

Lbw has never been popular. Its unpopularity has gone through phases. In its early, absolute days it was best expressed by umpire Fuller Pilch's scornful response to lbw appeals in the late 1850s: "None o' that. Bowl 'em out. Bowl 'em out."

As time passed, cricketers became more used to lbw, but the advent of swing bowling brought new scepticism about an umpire's ability to judge whether the ball was going to hit the stumps. Modern cricket retains this scepticism, crystallised in the belief that a batsman playing forward is pretty well immune to lbw.

In fact, an lbw conviction should be made if the ball pitches "between wicket and wicket or on the off side of the striker's wicket" and "the point of impact is in a straight line between wicket and wicket" (law 36). Inzamam was unlucky because he was well forward, making it hard to judge whether the ball was stump-bound. But when the ball hit him, in front of the stumps, it was going low and straight. There is no reason a batsman playing forward should be an automatic innocent.

In this series, umpires must make their lbw decisions – and all other decisions – confidently, or at least firmly. Anglo-Pakistani umpiring relations have not produced much tranquillity in recent years, as anyone who remembers the Mike Gatting/Shakoor Rana troubles of 1987 will know. Happy the men in white coats in the next few months, with their harrowing chance to improve international cricket relations.

Authority is crucial for umpires. There is a new power parasite overhanging that authority in all cricket nowadays, from international right down to club level: management, with its match referees, its committees, boards and executives, its endless meetings, discussions and talks to "media personnel" like myself and its public statements about things like the need to keep quiet.

Umpires' authority is based on the rules of cricket, not the advice of managers, and would do well to take a strong, simple line on some of the more outrageous breaches of the rules.

Many of these we see so often we scarcely notice them any more. Leaving the field with invisible injuries, for instance. English cricket is fraught with health consciousness and concern; hypochondriacs abound. Pakistani cricket is bored with fielding. Both are inclined to produce players who leave the field of play a bit too easily.

It goes without saying that I am unfamiliar with Aamer Sohail's internal condition and I can only describe what I saw at the Oval, where a short spell of his slow left-arm bowling induced Allan Lamb to commit suicide with a hideous attempt at a heave, after which fielding looked like a fall from grace. Sohail stayed in the pavilion after lunch until Pakistan came out to bat, when he was well enough to open the innings in a fierce, fast partnership with Ramiz Raja.

My Pakistani guide to the Oval explained in fluorescent prose: "We are a cross between Italians and West Indians. We like drama. Our great love is batting because that is where the glory lies." Bowling is important, of course, and the absence of Wasim Akram, since the Lord's one-day game, and Waqar Younis, since the start of the series, has badly damaged Pakistani morale.

Much will depend on how well these two recover and, if they do not, how well their substitutes can be encouraged to bowl. But the supreme skill is batting, not bowling. Wasim, like Imran, is idolised back home because he can bat as well as bowl, successfully.

A good development of the modern game, especially in its one-day form, is the greater importance attached to fielding and the higher standard achieved. Pakistan remain aloof from this and prefer the traditional view of fielding as one of the suburbs of the game. While Pringle could manage only some ill-footed lumbering round the boundary, Aqib Javed entertained south London with bad fielding on a truly heroic scale.

When Salim Malik, Pakistan's one great "touch" fielder, threw down the wicket to run out Graham Gooch for 25, my Pakistani instructor hastened to explain that Salim only did it because Gooch was his captain in Essex last year. "Every time Salim fields well he is telling Gooch: 'I'm as good as you.' His real triumphs are as a batsman. He is Pakistan's David Gower, a natural genius with the bat."

As with Gower, the game comes so easily to Salim that he is liable to periodic lapses of concentration. When he played on to Pringle for 26, it was a symbolic defeat of elegance by persistence.

Alec Stewart is the star of the hard-working school of cricket in favour in England at the moment.


Hitting out: Inzamam-ul-Haq who was lbw on the front foot

He batted wonderfully well, not least in his nifty running between the wickets, in humid, scorching heat, his unnecessary helmet stuck to his head with sweat as he hit Sohail and Mushtaq Ahmed's gentle deliveries all over the place. His wicket-keeping was all right, but no more than that.

Pakistan's use of a specialist wicket-keeper is another example of their traditionalism, and a most welcome one. Moin Khan's work behind the stumps was extremely good. It cannot have been funny, catching everything behind to young Tanvir Mehdi's fast medium pace entry into international cricket. The bowling was often wide, always enterprising and given to trying out the full possibilities of both off and leg side. Moin stood very deep, like all modern glovemen, but kept sharply. His appeals grew more belligerent as his team's chances weakened.

The Test matches will make more subtle demands. Doubtless Pakistan will go into them with a battle campaign. Their greatest problem will be keeping carefully to the plan worked out for each situation. The English problem, by contrast, is lack of initiative in changing situations. The greatest help for both sides will be knowing that five days give ample time for plotting and retaliation. In good Test cricket, attack breeds counter-attack. Collapse inspires come-back. My advice to those engaged in Test (or any other) matches is to grovel to the umpires and keep the spinners spinning.

Golf

Seve builds for glory

THE 1993 Ryder Cup is 16 months away, the 1995 event 24 months after that. Why, then, are we about to discuss the 1997 Ryder Cup? The answer is that the race to stage the event in five years' time has just begun.

Things are starting to resemble the haggling that precedes the announcement of a winter or summer Olympics except that, for 1997, the Ryder Cup committee has already indicated that it wants the event to be held in Spain that year. Thus, the question is less which country as which course.

These days, a potential Ryder Cup venue must have so much more than an excellent course. Huge amounts of land for parking, exhibition centres, catering, entertaining and spectators' facilities are almost as important as the course itself.

Conventional wisdom has it that the Ryder Cup must be staged near a large population source and have good access and egress. The Belfry, the site of the 1985, 1989 and 1993 matches, meets this requirement perfectly. It is close to the 2.5m population of greater Birmingham and has five motorways within 15 minutes' drive of its main entrance.

The exception that proves the rule was Klawah Island. Last year's event was played on a brand-new course, at the far end of an 11-mile-long island, which was 30 miles from Charleston via a two-lane road. Brilliant organisation, not to mention spending $750,000 (£424,000) on transport, made it a success.

Perhaps, then, we should scrutinise the Spanish clubs which have declared their candidacy for 1997 so far.

The first to throw its hat into the ring was Valderrama, the exclusive club much favoured by international businessmen at Sotogrande in southern Spain. Although its members come from 22 countries, the club is well-nigh the personal fiefdom of Jimmy Ortiz-Patino, a tireless and gifted organiser and a man who would like nothing more than to stage the 1997 Ryder Cup.

Valderrama is to him what Xanadu was to Charles Foster Kane, and there is little doubt he has the money and the will to do whatever is deemed necessary to get the Ryder Cup and to make it a success.

The Volvo Masters has been held at Valderrama for the past four years. As a result, the club has acquired considerable expertise at managing events. Valderrama at Masters'-time is a bit like a swan, imperiously calm on the surface although paddling hard underneath. Its case was helped by the recent strike by employees at Club de Campo in Madrid which caused the last-minute relocation of the Spanish Open and resulted in considerable extra expense for the promoters.

Yet management expertise counts for little if the course is not of the highest standard. In this regard, Valderrama could hardly be bettered. Last year, it was voted the best course in continental Europe.

The next three requirements are space for exhibitions, catering, parking and the like; good communications for the media; and satisfactory accommodation and viewing facilities for the 20,000-plus spectators expected to attend each day.

***John Hopkins** on the unbuilt Spanish courses already vying to host the next Ryder Cup but two*

At Valderrama, space exists to the right of the present fourth fairway where there would be parking for 12,000 cars. Television cables are laid underground already. As to accommodation, the two teams would be put up at the San Roque hotel, less than 10 minutes away by a back road. Within comfortable driving distance are hotels of appropriate standard offering 17,000 beds.

Valderrama's most serious weakness is that it is not in Madrid. Undoubtedly, this is an advantage as far as traffic movement is concerned, but a disadvantage in that the catchment area contains a relatively small population. Perhaps, though, Bernard Gallacher, the European team captain, is right when he says that the contemporary Ryder Cup generates its own support. Large numbers of spectators will attend wherever it is held.

The second challenger for the right to stage the 32nd Ryder Cup is the Severiano Ballesteros golf club in the Galapagar district of Madrid, 15 minutes from the centre. Ballesteros might have been forced into declaring his hand earlier than he intended because the course does not exist yet. But he is confident of receiving planning permission in time for work to start in the autumn.

"There will be two courses, but we will concentrate on making the A course first-class in time for the Ryder Cup," said Ballesteros last month. "The spectators will be able to park and they will all be able to see."

Ballesteros is a key figure in all this. He will be 40 in 1997 and probably making his final appearance in the Ryder Cup as a player. He might even be non-playing captain. In either capacity, he is a powerful force to argue against or ignore. Two years ago, he fought for Club de Campo to stage the 1993 Ryder Cup. He will be no less powerful in supporting his own venue in 1997.

"The Ryder Cup has to be in Madrid," said Ballesteros. "Everything is here. It is the right place. Valderrama is a good-enough golf course, and so is El Saler near Valencia, but they are in the wrong places."

The third contender is La Moraleja's new course on the outskirts of Madrid. It has been built with the Ryder Cup in mind, and an announcement will probably be made at the time of the World Cup in November. For the moment, it remains a little-known quantity.

The Ryder Cup committee will make a decision towards the end of next year. Gallacher has approved of Valderrama. "It is the right course and it has the right infrastructure," he says. "People want to see the best players in the world playing on one of the best courses in the world."

He added, however, that he expected to see more than one bid from Spain and that he expected the Spanish federation to indicate its support for one venue above all others.

One thing is clear. If any club is to mount a serious challenge to Valderrama, then it had better get its skates on. Valderrama, as they say in golf, is the leader in the clubhouse.

A waste of good Cotton

SIR HENRY Cotton is revered in golf, as much for his heroic performances on the course as his considerable achievements off it. Cotton did many things for the game he loved so much. He won three Opens and was among the very best in the world for a short time.

He was a good writer, and several of the most popular books about the game were compilations of his photographs and accompanying text. He waged a campaign for the acceptance of the bigger, American-sized ball in Britain, believing that it encouraged better striking. And he was an outstanding teacher.

Above all, he liberated professionals from their menial station in life. It was Cotton, a former public schoolboy, who made professional golf a respectable way to earn a living. He broadened its appeal to such an extent that he appeared in cabaret at the London Coliseum and consorted with kings and courtiers.

Walter Hagen said he did not want to be a millionaire, he just wanted to live like one. For a while, Cotton was a millionaire and lived like one. His houses were lavish, the *ne plus ultra* being 74 Eaton Square in London where he kept a cellar containing only champagne and fine claret and 150 varieties of liqueur. He had numerous servants and an expensive taste in cars.

From soon after his birth to his death in 1987, Cotton lived for golf. He talked enthusiastically and articulately about it to anyone who would listen. These and other attributes combined to make him a giant in his own field and one of the outstanding sporting figures of the first half of the 20th century. They are some of the reasons why a biography is long overdue.

Maestro, The Life of Henry Cotton, is written by Peter Dobereiner, formerly the golf correspondent of *The Observer*. The blurb suggests that the book "is the extraordinary biography of one of the great sporting individuals of the 20th century." It is extraordinary all right. It is said to be a biography, yet nowhere in its 150 pages are we told the date of birth of Henry Cotton, nor his birthplace, nor the date of death. For that matter, there is no reference to his alleged homosexuality, which was mentioned in the press release accompanying the book. There are moments when Dobereiner reveals himself to be the maestro of the sweeping superficiality. The opening chapter lasts for nine pages. By the end of it, Dobereiner has sped breezily to the point where Cotton leaves school, aged 16. Time and again, one longs for more detail.

In an afterword, Dobereiner wrings his hands self-consciously at the inadequacy of his effort. "I determined to eliminate myself totally. . ." he writes. He seems to have used that as an excuse for eliminating the need for research.

The result is a slim book. It contains an informative introduction of six pages, written elegantly by Laddie Lucas. This is followed by 139 pages about Cotton, the six-page afterword, appendices and six blank pages at the end. This is not the extraordinary biography the publishers claim. It is a monograph, more like, and it does not do its subject justice.

■ *Maestro, The Life of Henry Cotton, by Peter Dobereiner, Hodder & Stoughton, £14.99.*

J.H.

Motoring

Britain's debt to those Japanese transplants

THE THOUGHT might stick in the gullet of some Britons but, in a few years, nearly a quarter of all cars made in the UK will have Japanese names. They will, though, be proper British cars – far more British than some makes most people now think are British, but which are made in Germany or Spain by US-owned companies.

Nissan's factory at Washington, Co. Durham, exported 90 per cent of the 112,700 Primeras it made last year, earning £695m in foreign currencies. This year, its export earnings will rise to more than £900m. From 1993, when production of the Primera and the soon-to-be-introduced Micra replacement goes up to 270,000 units a year, export earnings must top £1bn.

Toyota's new Carina E – which I sampled in Italy and Switzerland earlier this month – is being imported from Japan. In December, though, a greenfield plant at Burnaston, Derbyshire, will start building the car for UK and export (mainly European) buyers at the rate of 100,000 a year. The engines will come from another new Toyota plant at Shotton, north Wales. By mid-1993, Honda will be producing a two-litre model (code-named Synchro) at an annual rate of 100,000 at Swindon, Wiltshire, 75 per cent of them for export. Already, 25 per cent of all Honda cars sold in Britain are made in the country and the figure will be nearly 40 per cent by this time next year.

These Japanese transplants are at least part of the reason why Britain's motor industry can face the future with some confidence. But why did the Japanese come to the UK? I believe there are two main reasons: that English has been a compulsory second language in Japanese schools for a long time, and because golf is their national passion.

Japanese businessmen can talk to Britons more easily than other Europeans. And they know there are more golf courses in the UK than all mainland European countries put together. Luckily for Britain, it has been a winning combination. If they had been hooked on pelota or bull-fighting, and spoke Spanish as well as they speak English, the consequences for Britain's car industry would not have borne thinking about. I had all this in mind when I tried-out the Carina E range (the E stands for Excellence in Europe).

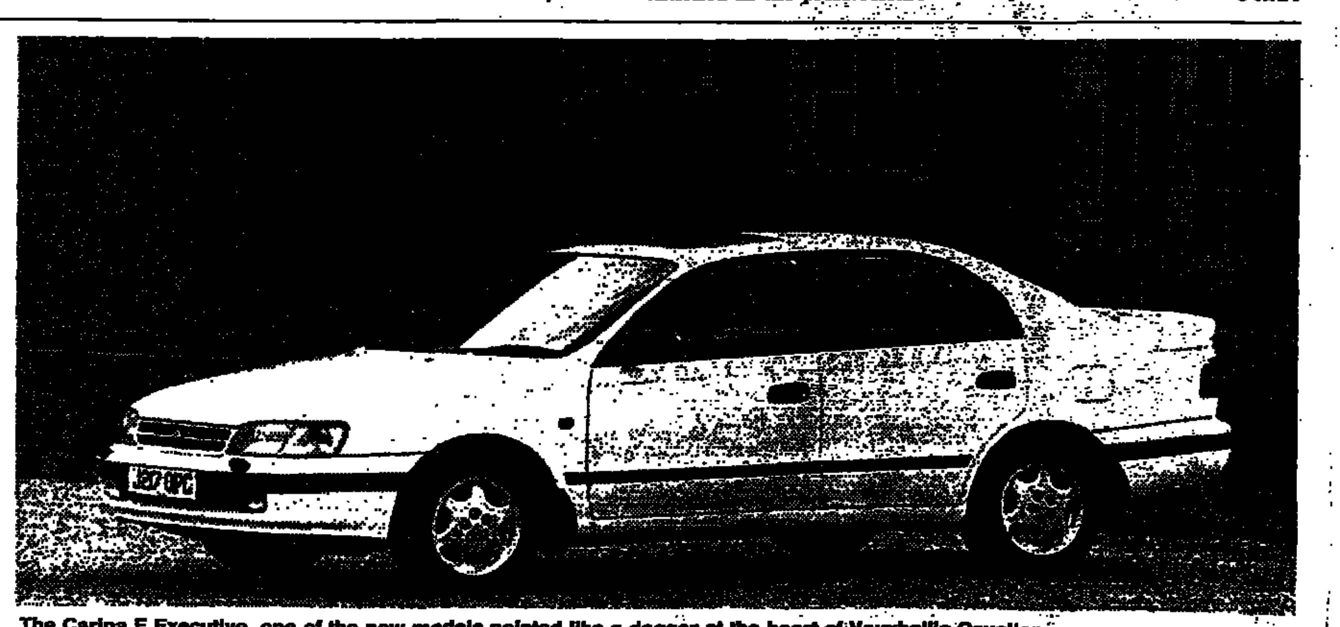
The Carina E is a front wheel-driven four-door saloon or five-door hatchback. It comes with a choice of four petrol engines of 1.6 or two litres, all with twin camshafts, 16 valves and three-way catalytic converters. Power outputs range from the £12,145 XLi entry model's 114 horsepower to 155 horsepower in the highest-performing GTi (£16,980 as a saloon, £17,366 as a hatchback). A two-litre, 72-horsepower diesel joins the range in September.

***Stuart Marshall** puts the new Carina range through its paces*

The Carina E and Primera are pointed like daggers at the heart of the Vauxhall Cavalier (Opel Vectra), which is the car to beat in the modestly-priced European mid-range. Unsurprisingly, they all look very much alike although the Carina E has a leaner line and, because it is a bit longer, is roomier inside than either the Primera or Cavalier. Stripped of their badges, I doubt I would have known if I was driving a Carina E, Primera or Cavalier. You cannot say that all modern cars in this size and price class are the same but the differences are in degree, not principle.

It was a demanding drive; 200 miles (322 km) between breakfast and lunch including the San Bernadino, Julier and Maloja passes and, for a less-than-grand finale, a narrow road infested with tourist coaches down the entire length of Lake Como. I started with the 1.6-litre, five-door XLi; moved on to a two-litre, 114-horsepower GLi automatic; changed to a manual two-litre, 131-horsepower Executive; and finished up in the GTi.

The cheapest car made the best impression. They nearly always do. The XLi was very quiet and nicely-balanced. Its 70-series Dunlops had ample cornering grip but thumped not at all. The engine hummed sweetly and the air flowed almost silently around curvy body panels and well-fitted doors. It rode shock-absorbently, swung smoothly through hairpin bends, handled with precision and parked easily (all Carina Es have power steering).


The Carina E Executive, one of the new models pointed like a dagger at the heart of Vauxhall's Cavalier

Toyota claims a top speed of 119 mph (191 kmh) and 0-60 mph (0-96 kmh) acceleration in 11.2 seconds for the 1.6 LX. More to the point, it is economical as well as agreeably driveable. Its lean-burn engine works on an air/fuel mix of about 23:1 compared with a normal engine's 14.7:1.

The official constant 56 mph (90 kmh) figure of 57.6 mpg (4.9 l/100 km) is close to the two-litre diesel's 64.2 mpg (4.4 l/100 km). The equivalent 1.6 Cavalier manages 56.5 mpg (5.0 l/100 km) and the 1.6 Primera 54.3 mpg (5.2 l/100 km). Of course, in the cut and thrust of daily motoring, with cold starts and stop-start traffic driving, the gap between petrol and diesel would be much wider.

The two-pedal, lean-burn GLi went well on mountain roads but I wished I had saved it for the last leg on the cluttered, slow road to Como. The Executive, with its lusher interior, reminded me of its up-market relative, the Camry. And although it was a stimulating drive, the GTi, on its 60-series tyres and firmer suspension, was less to my taste than the others. Hard, thrusting drivers would, I am sure, rate it the best of the lot. I liked it least – but I am not really a GTi or hot hatch person any more.

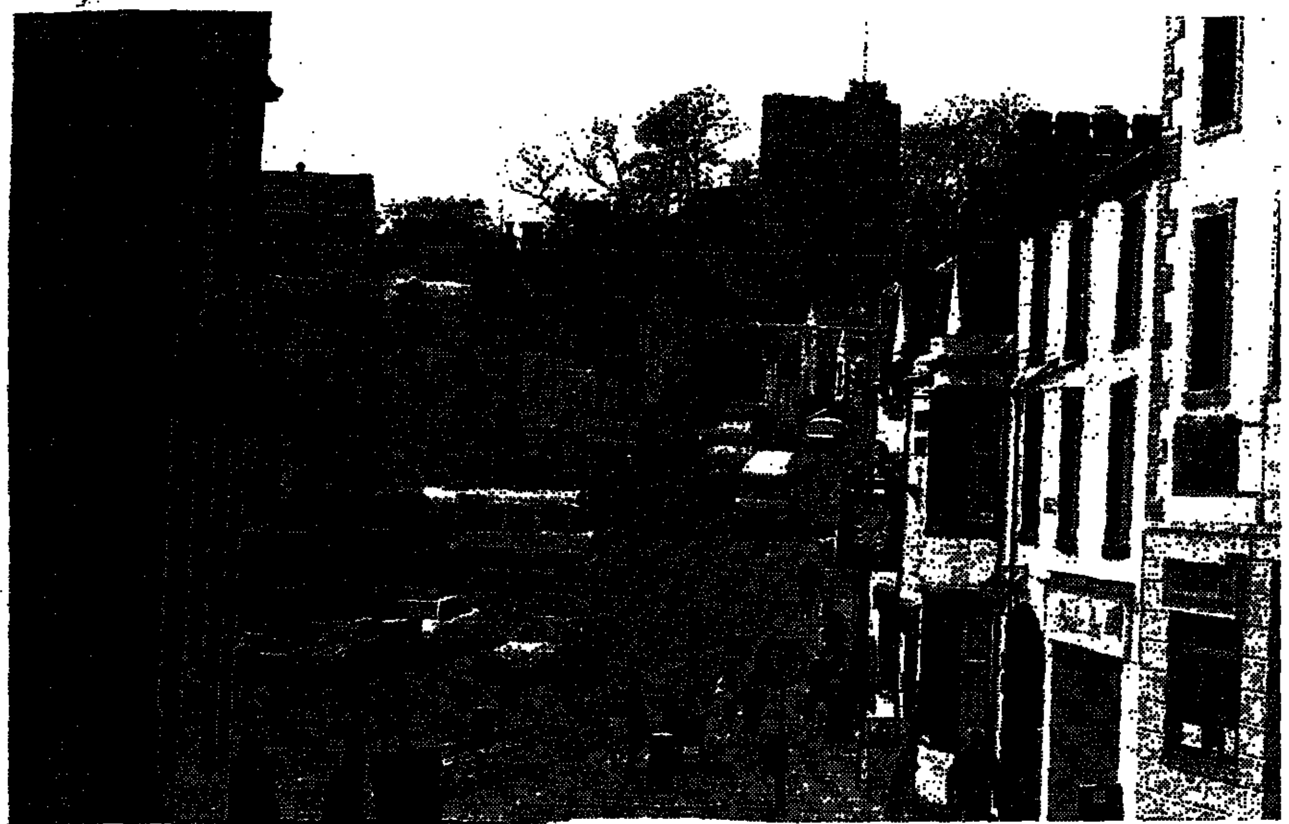
As you expect of Japanese-designed cars, all the Carinas have the lightest of clutches and gear-shifts and excellent fresh-air ventilation, with air-conditioning an optional extra on every model. To meet British needs, there is a standard anti-theft system with ultrasonic sensors. Both saloons and hatchbacks have low sills for easy loading and the split rear seats fold down, estate-car style.

Is the Carina E better than the Primera or Cavalier? On that question, I pass. Two days after driving the Carinas, I tried the Primera equivalents of the 1.6 XLi and two-litre GLi (and also a Cavalier, a quite sensationally good 1.7-litre turbo-diesel with an engine made by Isuzu in Japan) at the British Vehicle Rental and Leasing Association's test day at Donington Park. As a result, I decided the only sensible way for a buyer to choose between the Carina E, Primera and Cavalier would be to compare prices (the Toyotas cost more than the Nissans and Vauxhalls), warranty terms and equipment levels. Then, all three should be tried to discover which felt best.

If, as a private motorist or fleet manager, you feel you should buy only British, then the choice must be between Nissan and Vauxhall – until December. After that, with cars rolling off the line at Burnaston, the Carina enters the equation. And don't forget that the Swindon-built Honda Synchro will be moving up to the starting gate.

PROPERTY

Buyers are tempted with extras galore



Clitheroe, in the Ribble Valley, where the proportion of homes between £200,000-400,000 is probably the highest in the north-west

Heathcliffe Court at Arnside, Cumbria . . . a development of penthouses and flats with a view across the Kent estuary

John Worrall reports on moves to coax life into the market in the north-west of England

WHILE the whole country waits for the start of the house-buying season – reports of its birth have been somewhat exaggerated so far – the north-west of England might take comfort in the latest Halifax house price index. It shows that the region's prices continue to underperform the national trend, which has been downwards for some time. Prices in the north-west fell by 2.7 per cent in the first quarter of 1992, compared with a 3.2 per cent national decline, giving an annual rate of 2.3 per cent compared with 4.4.

There is little rejoicing, though, for minds remain concentrated on further pump-priming measures. The fact is that while those famous ripples of the late 1980s were smaller at the top end of the M6 than they were in, say, East Anglia, over-pricing and consequent market inertia are still the legacy.

Since the autumn, big developers have been courting first- and second-time buyers with offers of carpets, curtains and almost any fittings they care to name. There are creative financing packages with low deposits and deferred initial payments; direct help and costs on the disposal of buyers' present homes, and legal costs on both sale and purchase. "If stamp duty comes back in August," said one agent, "they will no doubt pay that as well."

Part-exchange arrangements abound, although some developers require a discount on the buying-in price, sometimes as much as 17 per cent on the average of three agents' valuations. But redundancy cover on mortgage payments for up to three years has probably done most to boost morale in an area of unnerving retrenchments by major employers.

Not surprisingly, in view of the money they are spending on advertising and incentives, most developers now claim an upturn in interest since the general election, even if this is not always reflected in apparent on-site activity. Terms are being agreed, they say, as their agents struggle to sell potential buyers' existing homes.

But while attempts are made to coax life into the starter market, vendors in the higher price brackets of prime commuter country can only wait and hope. There is little reported activity above £200,000 – and that category is not particularly responsive to massive price reductions in the present climate, says Alan Kay, group business executive in the Halifax's Preston office. "If we reduce prices drastically on houses in the higher brackets, we still have no proof that they will sell," he adds.

Manchester commuting has now moved well into the Ribble Valley and the Fylde, places from where people can reach the city's traffic jams just as quickly as from the still desirable but now heavily built-up south Manchester conurbation.

The city is a 40-minute drive from the Ribble Valley (add perhaps another 40 to park) and, during the boom, its picture postcard villages and the market town of Clitheroe were awash with southern ripples and local executive demand. Even now, the average three-bedroom terrace costs £50,000 while the proportion of houses in the £200,000-£400,000 range is probably the highest in the north-west.

Ian Lloyd, of agent Mortimer, Gorse & Ross, detects renewed confidence since the election. "Values had certainly decreased by 10-15 per cent since the boom," he says. "But while there is no evidence of a new increase, prices do seem to be holding now. Only those desperate to sell are reducing prices."

That probably goes for developers, too, in an area where planning restrictions mean that developments come in small numbers of select units. One scheme, in the village of Chipping, has four units backing onto Chipping Brook which are offered through the Clitheroe office of Mortimer, Gorse & Ross. One of the four- and five-bedroom houses has been sold and the rest are available at around £235,000.

Barn conversions, which tend to clash less with planning restrictions, often allow scope for a little originality. That is a great asset in the present market, according to Duncan Raistrick, new homes' director of agent Reeds Rains. He is offering Huntsman's Chase at Treales, north-west of Preston on the Fylde. The scheme, by Lancashire Homes, involves barns and other farm buildings which now comprise seven units with between two and five bedrooms.

In addition, they do not have the problem of small gardens and vast common areas often found with multiple conversions. Most of these houses carry the option of an extra four-acre paddock which has, apart from anything else, commended them to the equestrian set. Three of the seven units have been sold while the others are available at prices between £98,500 and £195,000.

Out at Cleveleys on the coast, Manchester-based Roland Bardsley Homes has built 12 luxury flats in a scheme known as Grosvenor Court. This is hardly Manchester commuter country but, with some units facing directly onto the seafront and all with a sight of the water, interest has been strong from the retirement sector. Four have been sold and the rest are available from £99,950.

Bardsley's financial director, Keith Spencer, is another noting some general improvement in demand. He says that while his company averages 300 sales a year, 35 have been achieved in the past five weeks.

Cumbria, further north, is a case apart. Much of it is national park where development is unwelcome (except for low-cost housing, for which the Lake District National Park Authority reports a "welcome upturn" in applications recently). But one interesting scheme, which gets as close to the Lake District as posible without actually impinging on a national treasure, is Heathcliffe Court at Arnside. This development of 16 flats faces the Langdale peaks across the Kent estuary and its grounds run down to the water's edge.

Formed from the conversion and extension of a large Victorian house, it is the brainchild of Stephen Bernhard. His formative career stages were spent with the family firm of Geoffrey Bernhard & Sons Ltd of Rugby, horticulturalists and landscapers.

That experience, and some years in Europe and America, persuaded him that the original house – which, like many in that part of the country, was heavy, grey and sombre – needed special treatment if justice was to be done to the site. "I did not want to create a retirement home but a place with mixed abilities and mixed incomes and a place of security, a place where a community could live," he says.

The result is four penthouses with three bedrooms, eight two-bed apartments, and four single-bed flats aranged in two blocks with an intervening atrium. Prices range from £86,000 to £167,000. There is underground parking for 12 cars; but for those who prefer not to drive, Arnside is just three hours by train from London.

COUNTRY PROPERTY

COUNTRY PROPERTY

LONDON PROPERTY

LONDON PROPERTY

LONDON RENTALS

LONDON RENTALS

INTERNATIONAL PROPERTY

LONDON PROPERTY

BOOKS

Poetic reputation ripe for reassessment

Anthony Curtis re-reads C. Day Lewis

POETIC reputations have fluctuated over the years as unpredictably as shares on the stock exchange. What would your holding be worth today if you had bought equity in the "MacSpaunday" (modern poetry) sector in, say, 1930?

You would have done awfully well with your Audens. In spite of some gloomy forecasts during the American takeover in 1939, the upward curve has been steadily maintained and they are worth many times over what you would have paid for them.

As for your MacNeices, they have been quietly firm for some time and are due soon for a revaluation which should show a considerable discount on the underlying assets.

The Spenders have been dullish for decades but, with the original chairman still in charge, they do continue to find buyers.

It is the Day Lewises that have been the big disappointment in spite of the cachet of royal warrantry. After performing extremely well in the period from 1929 to 1933 – the lively experimental period of *Transitional Poem*, *From Feathers to Iron* and *The Magnetic Mountain* – they seemed to cut back on resources, and following a series of devastatingly adverse reports by a leading analyst called Geoffrey Grigson, never to recover the confidence of the market.

Now with the welcome appearance of *C. Day Lewis: The Complete Poems*, to coincide with the 20th anniversary of the poet's death, we have the chance to read his work as a whole and to consider whether the low rating was justified. The first thing that strikes one is the sheer quantity of work here, much more than one had realised.

Historically, Day Lewis emerges as an accurate recorder of national moods. After the optimism of the 1930s, the poet revelling in the new landscape of arterial roads, he feels a sense of paralysis at the imminent war.

Then comes the mood of wartime solidarity well conveyed in a poem about fire-watching with a local farmer. After V-Day there is a blessed sense of release at war's end, only to be followed by guilt at the mess of the post-war world combined with further guilt at the mess the poet seems to be making of his private life.

After the war he pursued several careers at the same time – director of, and literary adviser to, Chatto & Windus; public performer of poetry with his second wife, Jill Balcon who contributes an introduction to the volume; and most lucratively that of a successful writer of detective stories under the *nom de plume* Nicholas Blake.

But Day Lewis never relaxed his commitment to his chosen last of writing poetry. The book does not include his translations from Virgil. They must, surely, be reckoned a strong plus in any assessment of his poetic achievement.

THE COMPLETE POEMS
by C. Day Lewis
Sinclair-Stevenson, £25, 746 pages

What the volume does contain, happily, is the translation he made of Paul Valéry's poem *Le Cimetière Marin*, a version he called *The Graveyard By the Sea*.

The original captures the French poet's musing beside the tombs of dead sailors in the cemetry at Sète (Herault); at its deepest level, it is a poem about re-birth, through which the pounding rhythm of the sea beats continually.

It is rendered into superbly eloquent English with a minimum of loss of meaning by Day Lewis. If one had to sum up what Day Lewis stood for as an artist, what he came to believe in his heart of hearts, it would have to be a paradoxical credo of being through not being, close to that of Valéry.

But if Day Lewis arrived in middle age at a quietist outlook, in his youth the thrust and tenor of his poetry had been riotously iconoclastic and aggressive. *The Magnetic Mountain* was dedicated to Auden and hailed him as a winged explorer hovering like a bird over the landscape of England:

Look west, Wystan, lone flyer, birdman, my bully boy
. . .
Gain altitude, Auden, then let the base beware!
Migrate, chaste my kestrel, you need a change of air!

This advice was, as we now know, taken literally. Auden did migrate, if not chastely, to New York. The 1930s pylon poets of which Auden had been the leader broke up as a group and Day Lewis was left isolated and insular. His response was to revert to more traditional forms, to embrace a neo-Georgian style in which rural pursuits, friendships, love-affairs, the joys and trials of parenthood, homage to other poets like Hardy or Edmund Blunden, formed the staple subject-matter. Some of these poems still make pleasant reading even though they lack the Audenesque fizz of the early ones.

The most moving tend to derive from some private experience, such as his sense of the slow decline of his first marriage. The grief that inspired a poem often remains submerged beneath its surface. The reader who is not in the know feels excluded. Short footnotes by Jill Balcon help one to get one's bearings about many of the more public poems, but one day there will need to be an edition elucidating all the personal references and allusions. Meanwhile a glance at Sean Day Lewis's frank biography of his father *C. Day Lewis: An English Literary Life* (1980) will illuminate some of them.

The impressive long poem in several sections *A Visit To Italy* was written in 1948-9, but not published until four years later. This was because – as Jill Balcon points out – "Rosamond Lehmann with whom CDL had a long liaison until 1949 laid an embargo on its publication, which she lifted in 1953". That explains the "we" who are travelling and experiencing post-war Italy together in the poem and the elegaic note that sounds through its exaltation – their great affair was indeed coming to an end. The section about Renaissance paintings gains from learning, from the biography, that part of the time they went to I Tatti to stay with Berenson.

Day Lewis could sustain a long poem, but *Noah and the Waters* written in 1935 at the end of his dalliance with communism suggests he was wise to eschew verse drama. His strength lay in formal lyrics, odes and sonnet-sequences, as in the celebrated "O Dreams O Destinations" and latterly in shorter, occasional poems.

The book has a final section called *Vers d'Occasion* containing work published for the first time in collected form where, as poet laureate, Day Lewis wrote to fulfil a request – a poem in support of the I'm Backing Britain campaign, another heralding National Library Week, and yet another commemorating the Investiture of Charles as Prince of Wales.

Day Lewis was a good poetic journalist, and at times rather more than that. Grigson's rusty hatchet should now be buried and the poems allowed to speak for themselves.

Children's Book of the Month

Witches' tale with no holds barred

THE witch, that hardy perennial of literature for children cackles lustily, dresses top-to-toe in black, with pointed hat, pointed shoes – and a pointed chin. Her long, horny finger nail beckons from behind every gnarled oak. Though timelessly old, she is youthfully mischievous; and when she flies through the starless skies at midnight, her tatterdemalion skirts stream back in the wind. And she may or may not on closer inspection prove to be your own grandmother. . .

In short, the witch of the average children's book has been reduced to a harmless figure of fun: neutered; superannuated; robbed of her sting.

Which leads us on to a puzzling question: why cannot writers of books for children, given their degree of fascination with these poor creatures, ever tell the truth about witches? Melvin Burgess has endeavoured to do just that in his second novel, *Burning Issy*, which deals with the persecution of the tribe in 17th-century England.

One difficulty, of course, is that the subject is frightening, morally repugnant, and a horrifying indictment of the established church; and this novel does not try to avoid these problems. In fact, it is brutally honest in its treatment of the subject, and for that reason alone parents who buy this book for their children or recommend it to others should be warned of such incidents as the one in which a parson, in order to extract a confession from a child that he believes to be a witch, grasps hold of her wrist and holds it as steadily as he is able over a naked candle flame.

This remarkable historical novel erupts into life from the very first page. A beggar-woman thrusts a warm bundle into the arms of a man who happens to be passing through the market square of a small village in the West Riding of Yorkshire. The unwilling, though kindly, recipient carries the unexpected gift, wrapped in filthy rags and coughing like a cat, back home to his son and daughter. It's a pitiful sight indeed beneath the swaddling bands – all blotched, red skin on its two-year-old face as if it had been burnt in a fire.

The child, Isabel, is both welcome and not welcome in these parts. The villagers whisper that it's the devil in hell who owns her, and that's why they call her Burning Issy. The child herself is terribly afraid of fire, even going so far as to shun the light of the candle at her own bedside. It seems that she can never quite efface some terrible, searing memory of burning.

Solitary by nature, her only playmate is Jennet, daughter of a local witch who, some day soon, will be obliged to pledge herself to the devil too. Issy, fascinated by the goings on up Malkin Hill where the witches weave their spells, sneaks up with her foster-brother to observe the hags shaping their wax images as they spit and curse into the flames.

The oldest witch senses the presence of strangers and they are caught; but Issy, possessed of her own brand of magic, pitches the old crone Demdyke into the fire, and for that act of gross impertinence the witch makes an image of the foster-brother Ghyll and threatens to kill him, little by little over the next fortnight or so by melting his effigy over the fire.

The only way out is for Issy to give herself, body and soul, to the witches; and, in their opinion, that is only right and proper. Has she not already demonstrated by the use of her own strange powers that she is no ordinary mortal?

Freedom comes with the return of the woman who gave Issy away. Having tricked Issy's adopted family into believing she has wrested the image of Ghyll from the witches, she and Issy travel north to the woman's house.

But the forces of repression in the shape of the brutal witch-finder Bawdwen are closing in. At the novel's end Issy, Jennet and the other local witches are captured and forced to recant or suffer the terrible consequences.

This novel helps us to understand not only that many witches were nothing worse than poor, persecuted beggars, but also that their beliefs were grounded in a set of religious practices that often antedated Christianity: vestiges of a paganism that the furiously proselytising Christians of the day could show no mercy toward.

There was a terrible climate of superstition and fear in which the words "Thou shalt not suffer a witch to live" were intoned from every pulpit.

For all the impressive simplicity of the language of this book, the complexity of its ideas and the stark, brutal honesty of so many of its scenes suggests a readership of 10 and above.

Michael Glover

Burning Issy, Melvin Burgess, Andersen Press. £6.99, 155pp.

Fiction

Slices of life in Edge City

THE eponymous hero of David Gates's remarkable first novel, *Jernigan*, is so down-and-out it's a wonder he can stay on the page. Peter Jernigan is a drunken 40-year-old widower who, having recently been deposited in a rehab clinic, finds himself in the unenviable position of trying to figure out what went wrong.

The story he tells, set in a faceless New Jersey suburb, opens on the first anniversary of his wife's death. True to form, he marks the occasion by starting an impetuous affair with the mother of his teenage son's girlfriend. Soon, both couples are cohabitating in a ramshackle house, living the life of suburban survivalists by forgoing central heating and raising rabbits for dinner.

This ersatz paradise provides Jernigan with scant comfort, however, as drugs, booze, teen suicide and sexual abuse intrude on his happy home. Unable to hold on to even the most tenuous thread of his life, he sets off on a nightmarish binge which ends with him institutionalised.

What makes Gates's novel so good is not only its unblinking view of the horror and anomie of the American suburb, but also his hero's strangely seductive voice, which manages to be at once bitter and remorseful, funny and deluded. Jernigan's 78 rpm mind is stuck in a groove, forever lunging toward the truth only to skip backwards into a self-absorption that is both epic and comic. Not surprisingly, the novel's most lingering image is one of dissolution, as Jernigan remembers watching his wife's footprints evaporate after she ran from the pool to her drunken death. Some may find Jernigan too cynical to stomach, for this is a book for those who like their antiheroics straight.

The House on Mango Street is so short that if you blink you might miss it, which would be a shame because this carefully wrought account of a young girl's coming of age in Hispanic Chicago affords many pleasures. Told in a series of vignettes, many no more than a few hundred words, Sandra Cisneros's first novel manages to convey the rich, sometimes stifling atmosphere of an ethnic neighbourhood, showing with admirable precision how her narrator, Esperanza, finally realises that she must flee Mango Street to survive, but must also keep it alive in her soul if she is to flourish.

JERNIGAN
by David Gates
Picador £14.99, 238 pages

THE HOUSE ON MANGO STREET
by Sandra Cisneros
Bloomsbury £6.99, 110 pages

1959
by Thulani Davis
Hamish Hamilton £8.99, 297 pages

FLICKER
by Theodore Roszak
Bantam £6.99, 672 pages

Cisneros is particularly good at eking volumes out of the smallest of images, such as the way "dizzy" bees reel drunkenly above a young girl as she enjoys her first kiss. My only complaint is that the author is too frugal with her considerable talents, occasionally granting the pleasures of poetry by denying the consolations of prose.

Thulani Davis's heartfelt *1959* is another ethnic coming-of-age story, this one set in the first turbulent days of the American Civil Rights movement. It tells the story of Willie Tarrant, a 12-year-old girl who watches her sleepily segregated Virginia town wake up in a spasm of sit-ins, lawsuits and violent confrontations as it tries to come to terms with its racial divide.

Davis has composed an evocative picture of a town's growing pains; the device of presenting it through the eyes of a girl as she becomes a woman is particularly apt. Indeed, the best parts of this book deal with Willie's evolving attitudes toward sex, family and her place in a hateful society. Davis is less successful in dealing with book's broader topics, content to let historical worthiness take the place of a more nuanced drama. Still, *1959* provides a welcome view of the public and private tensions at work on African-Americans as they decided to fight the good fight.

An altogether different kind of coming-of-age takes place in Theodore Roszak's compulsive page-turner, *Flicker*. In 1950s L.A., young Jonathan Gates goes searching for glimpses of sex at a local arthouse cinema only to discover the work of Max Castle, a forgotten master of early schlock horror movies. Castle becomes Gates' obsession, and his quest for the truth about Castle's genius causes him to discover a secret history of the movies, leading him eventually into fateful contact with a menacingly secretive religious order.

The book's mystical elements work less well than the movie lore, in which Roszak brilliantly blends fact with fiction – dinner with Orson Wells and letters from John Huston fuel the plot, leaving us unsure which of the more obscure personalities, films and movie-making techniques are real and which made up. Indeed, this aura of verisimilitude eventually has you wondering if the book's sinister view of moviemaking might not really be true, a feeling of uncertainty which persists even after you turn the last page.

Stephen Amidon

A political under-achiever

Malcolm Rutherford on the career of Sir John Simon

WHO, apart from Churchill, was a member of the British cabinet at the beginning of the first world war in 1914 and at the start of the second in 1939? The answer is Sir John Simon and if you had to think for a moment, do not fret. David Dutton's book is the first full-scale biography of the man to have been written; it may also be the last.

Simon was Attorney-General when the first war broke out and Chancellor of the Exchequer at the outbreak of the second. In between he had been Home Secretary (twice) and Foreign Secretary. He spent the second world war as Lord Chancellor. Although he was out of office for the entire period 1916-1931, for much of his political life he was thought of, and certainly thought of himself, as a potential Prime Minister. Simon was one of the very few Liberals to survive the effective demise of his own party.

Dutton's book is not so much a labour of love as a serious attempt to gather together the pieces of Simon's career. He makes no attempt to say that the man, who in the 1930s and after was execrated as an arch-appeaser, has been under-rated. Instead he tells the story as it was, and it is not particularly pleasant.

Simon was an ambitious politician, a lawyer and a Liberal, probably in that order. The fact that the law came second was illustrated by his turning down the offer of the Woolsack in 1914 when, at the age of 42, he would have become the youngest Lord Chancellor in history, the reason being that elevation to the Lords would have cut off his political ambitions. The refusal, said Lord Justice Darling at the time, showed him to be the "maddest lawyer in London".

Yet the lawyer's mark tended to dog Simon throughout his political career. Professor Gilbert Murray said that he had the "most irritating set of gestures" he had ever seen in a public speaker: they were picked up from the bar. Simon was aware of the problem. He once advised a young barrister MP that the House of Commons is the only legislative assembly in the world where lawyers are unpopular. "Try and make your speeches on some political topic and not on a legal one. Get them to regard you as one of themselves and dispose of the idea that you could make just as effective a speech for the other side of the argument." It was sound advice but, as Dutton comments, Simon never fully took it himself.

SIMON: A POLITICAL BIOGRAPHY OF SIR JOHN SIMON
by David Dutton
Aurum Press, £25, 364 pages

In a moment of insight Simon commented on his own abilities and shortcomings: "While I have no great admiration for my own judgment, I do believe in my powers of deductive reasoning." Lloyd George put it more sharply. What Simon liked, he said, was that someone else should present him with a decision and then he could put up a brilliant case for it. It was Lloyd George again who made the famous remark about Simon having sat on the fence so long that "the iron had entered into his soul".

The trouble was that Simon was extremely bad at developing and then defending a policy of his own. His name is perhaps best remembered for the Simon Report on the constitutional future of India in 1930. Although it was widely acclaimed as a brilliant piece of analysis and became briefly a best-seller, it was less forthright on what ought to be done. With hindsight, its chief claim to fame is that one of the members of the commission was a relatively unknown Labour MP, C.R. Attlee, who subsequently became prime minister. Attlee's experience of work on the committee helped shape his views about Indian independence.

It is wrong to blame Simon for failing to stand up to the Japanese in Manchuria, when foreign secretary from 1931-35. There were limits to British power and influence and, as Dutton points out, the thesis that if Japan had been checked then, there might have been no second world war stretches the imagination almost to breaking point. Dutton's comment on Manchuria is that "with an almost hopeless hand, Simon played his cards with some skill".

Nevertheless, Simon was an appeaser. He disliked the idea of giving a guarantee to Czechoslovakia so much that he spelled the country's name with a hyphen as if to suggest it was not a legitimate state worth defending. He insisted in believing that Hitler was just another German leader who could be dealt with and accommodated by patient diplomacy. In the climate of the time, Simon was not alone, but it is not surprising that Michael Foot and his left wing colleagues picked him off as second only to Chamberlain in the appeasement stakes in their 1940 pamphlet *Guilty Men*. The charge has stuck and Dutton recognises its validity.

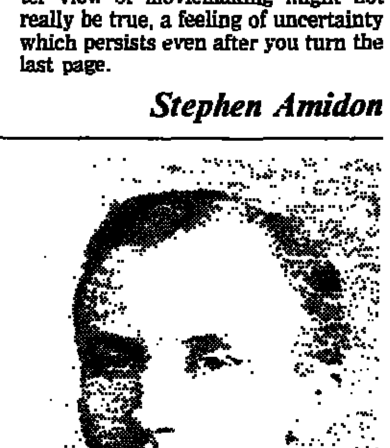
Simon had begun his political career as a Liberal. One of his most liberal acts was to resign from the government in 1915 in protest at the introduction of conscription. By the end of the war, however, the Liberal Party which had been so strong in 1910 was beginning to collapse as it was overtaken by the rise of the Labour Party.

Simon probably saw what was happening more clearly than most of his contemporaries. He wanted to maintain a liberal identity which he defined as "an attitude of mind about public affairs which always preserves a just balance between the heart and the head". In other words, "toughness and tenderness". Yet as subsequent Liberal leaders have discovered, that is not sufficient for a third party to make a breakthrough in British politics.

Simon in any case was one of those Liberals who are much more anti-socialist than anti-Tory. That is why he was invited to join all Conservative-dominated cabinets from 1931-45. He died at the age of 80 in 1954, a Tory in all but name.

In a remarkable act of censorship Kingsley Martin, the editor of the *New Statesman*, once deleted from a profile of Simon the line "Many of those who have shivered as he took their arm. . ." Possibly Simon mellowed with age: it was said he had more friends on his 80th birthday than on his 70th. Yet, taken all in all, Dutton does little to relieve the impression that Simon was cold and calculating.

This painstaking book is not nearly as dry as its subject. If it has a fault, it is that it does not prove beyond reasonable doubt that Simon was the most brilliant barrister of his generation. For that, we have only the word of the lawyers.



Sir John Simon

History in the broad sweep

THIS third collection of Trevor-Roper's essays consists of reprints, all but one; but they can bear a second reading, even at the cost of some repetition – especially about the great Dutch scholar Grotius, the inspiration of whose life was to unite Protestants and Catholics on the basis of the Anglican Church he so much admired. The Professor thinks that, if it had not been for the Thirty Years War, the ecumenical movement might have got going. Some hopes! It always was chimerical.

The most informative essay is on "Medicine at the Early Stuart Court". The author had intended a full-length biography of the eminent doctor, Sir Theodore de Mayerne: this is what remains of the project. The most sympathetic account is that of Clarendon, a convincing one is of Prince Rupert, a hostile one is of Bishop Wren, uncle of Sir Christopher.

Archbishop Laud is no favourite, for all the work of reparation that he did for the Church; the Puritans did what they could to undo it, but more remains than this historian allows.

He likes discussing issues widely – the width of reading is impressive – rather than in depth. Options are left open – just as well in the case of "Anglo-Scottish Union". This makes for exciting reading, but sober historians accept that many of these issues are closed.

Personalities make good reading, and they have their place, but it is the estimation of forces – economic, social, political – that counts in the longer run. There never really was a likelihood of an absolutist monarchy in England: the whole balance of forces was against the consensus of the country – it couldn't hold.

Again, with the Revolution of 1688, Trevor-Roper supposes "if William's fleet had been destroyed at sea or his enterprise had foundered in civil war . . .", then what? But James II's fleet would not fight for him; neither would his army. His favourite general and his nephew deserted him, along with his daughters and both parties, Tories as well as Whigs. The whole consensus was against him – proved by the rapid success of the "glorious" Revolution, and with no bloodshed!

FROM COUNTER REFORMATION TO GLORIOUS REVOLUTION
by Hugh Trevor-Roper
Secker & Warburg, £25

I do not care for snap historical generalisations, but will try a provoking thought. The fact that historical events turn out as they do is a fair indication that that is how they would go anyway. Great historians are plodders, researching their subjects in depth for years – compare Hume, Gibbon, Macaulay, Trevelyan, who are all mentioned here. We may fairly say that Trevor-Roper is our most stimulating and discursive, historical essayist.

A.L. Rowse

Maurie McLauglin (centre) as Jenny, with the girls of Mahagonny

Rise and Fall of Mahagonny

Andrew Clark on a production at the Grand Théâtre in Geneva

THE city of Calvin and the city of Mahagonny: Brecht and Weill would have enjoyed such an attraction of opposites. Whereas, even in Germany *Aufstieg und Fall der Stadt Mahagonny* had a struggle to be heard during its authors' lifetime, it is now *de rigueur* in Europe's opera houses.

Weill's smoky, sinewy, schmaltzy tunes seem more catchy than ever, especially when delivered with such lustful panache by this up-market Geneva cast. As for Brecht's cheeky moralising about capitalist decadence, nothing could be less dated: the message hangs coldly over our recession-hit bankruptcy courts and red-light districts – "you make your own bed and lie on it", as Jim Mahoney in *Mahagonny* is all too fond of repeating before his cruel downfall.

But what still is at issue is whether *Mahagonny* ranks as an opera, as opposed to some sophisticated hybrid of the musical revue. Kurt Josef Schildknecht's production at the Grand Théâtre has rekindled all the old doubts.

The narrator turned out to be Jeffrey Tate, swivelling round on the conductor's chair, donning a black trilby in the glare of a spotlight and declaiming the continuity lines (superbly) to a taped accompaniment of typewriter clatter. The effect, unfortunately, was to interrupt the dramatic flow of the stage action – set in a vast grey box, with the cast walking on and off in silence like cabaret artists doing their sets.

Schildknecht's piecemeal treatment of each scene was no help, with a range of images apparently designed to titillate or shock the audience rather than project a coherent vision of the work. Jenny wore a Madonna-type corset, but left the pouting and gyrating to her companions, who ended up as bunny girls. The men selected their whores by television and queued for condoms with their trousers down.

The visual aesthetic (decor by Werner Hutterli, costumes by Renate Schmitzer) was one of cool, arrogant modernity, not unlike what you see today in some German cities. Only when the cast dropped all dramatic pretence and delivered their lines from the footlights, did some form of communication take place. Elsewhere, there were too many barriers between stage and audience – above all, the language barrier (despite French surtitles) and the lack of intimate surroundings.

But the music itself has rarely sounded more captivating. Tate was in his element, ever sensitive to balance and dynamics, unfurling the tunes with the artless impulses of a born Weill interpreter, hammering home the doom-laden chords of the final march.

The stage was dominated by Marie McLaughlin's Jenny, raunchy, magnetic and full of teasing vocal nuance, a knock-out performance which had the audience in the palm of her hand. Anne Howells' Begbick was a cool trouser-suited businesswoman, sumptuous rather than Brechtian in delivery.

Ragnar Ulfung (Fatty) and Harry Peeters (Trinity Moses) were ruthless sidekicks from the criminal profession. Warren Ellsworth's Jim carried an air of gaunt, tragic heroism. Apart from the versatile Miss McLaughlin, who on this evidence deserves a cabaret show of her own, everyone would have benefited from a more conventionally operatic setting.

Mistress and Muse

CLOSE up, this work, which bills itself as a sophisticated sex comedy, is a bedlam of competing imperatives: sex, friendship, work. From a distance, it is a serious modern version of two myths: a little of what you fancy does you good, and great art comes from great pain. It makes an exciting evening checked by occasional tedium.

In essence, *Mistress and Muse* attempts for the studio stage what *Something Wild* and *Sex, Lies and Videotape* did for the big screen: great sex can alter one's life, but it demands sacrifices.

Situation rather than plot drives the play. James, a cerebral painter of grey abstracts, has a new lodger. She is a stripper called Goldie; she seduces him on her first night, rehearsing her latest raunchy routine. Mind meets body. Her idea of love is sharing strawberries and gyrating to James Brown; his is sharing Nietzsche and undulating to Dave Brubeck. She sets him straight and they become lovers. James has the wit to see his own problem clearly: "She brings out the worst in me," he says, "she's so emotional."

At first, as James' sexist friend Charles says, it's "more sex, less art", but gradually the muse descends, and James starts painting well. But Goldie exists by creating chaos, breaking up order, and his life soon becomes intolerable. She respects neither time nor place. She pleases James with sexual treats, luxuries from the delicatessen rather than basic groceries. Practical life stops when she behaves like a spoilt child demanding unconditional love.

Finally she cuts her wrists and daubs one of his paintings with blood; she recovers in hospital; the painting turns out to be his most valuable work. Six months on, James weds the sensible, staid Amanda, fulfilling the popular wisdom that a man marries the woman he can't love, and loves the woman he can't marry.

The play is often confused, sometimes confusing. But it successfully makes questions of value and lifestyle into *moral* matters, like Forster in *Howards End*: "Only connect the prose and the passion."

The acting is sharp and bold, particularly from Laurie Brett as the feline Goldie and Nigel Carrington as the old-style sexist Charles ("I noticed her personality when she bent down to pick up her bags"). The nervousness and tentative gestures will mellow as the play matures. John Cooper's dialogue creaks in places by being too formal and ceremonious; and William Tanner's direction could be wilder.

Andrew St George

Pentameters Theatre, Hampstead, until 21 June, (071) 435 3648.

Brighton diary

A day at the Festival with **Alastair Macaulay**

9.30 a.m. *Festival Exhibition Centre*. Joint exhibitions of Sussex-based or Sussex-connected figurative artists. Peter Strausfeld's posters for the defunct Academy Cinema in Oxford Street – one for 1979 re-release of *Les Enfants du Paradis* brings back much nostalgia. I make a point to look out for further work by 28 year-old Christopher Stevens.

10.15 a.m. *Polytechnic Gallery*. "Addressing the Forbidden", a small documentary exhibition about pornography and one of the most controversial item in this year's festival, with the possible exception of Mother Teresa of Calcutta (the Grand Farewell Tour) who gave of her/his all last night at 10.45 as part of the late-night comedy "Laughing Gas" series.

The porn items include one Mapplethorpe black cock. No Jeff Koons, though. The exhibition bombards you with statistics at the entrance, and accompanies each exhibit with polysyllabic ruminations by each artist.

This so successfully prevents any sense of titillation that I wonder whether I have lost all erotic sense.

But no. As we emerge, there's the Royal Pavilion (a.k.a "The Madness of George IV"), and all those marvellous domes gleaming in the sunlight look like so many breasts and nipples – like a surrealist vision of the sunbathers in Brighton Beach, in fact.

11 a.m. *Brighton Museum*. "Rendezvous à Dieppe3. It is easy to see why "Dieppe in art" show has acclaimed; it's the best collection of treatments of one place in one period that I've seen since the Hayward's "I Impressionists in London" 20 years ago. I have never seen so many Sickerts.

11.45 a.m. In a small shop space on the New Road, Red Herring exhibits an absurdist/surrealist array of tactile objects.

Down in the basement you can peer through a porthole to see an illuminated, decorated and packed loo.

The best and most disconcerting item is in one corner – a real British Rail chair (with that repulsive multi-striped upholstery) beside a window and (behind it) a representation of a view.

12 noon. *Brighton beach*. 20 minutes swimming. 20 minutes sunbathing. 20 minutes for ice-cream, coke and hot dog.

1.15 p.m. *Friends Centre*. Piano recital by Graham Scott, whose facial expressions are much discussed.

Scarlatti, Franck, Granados, Debussy and (encore) Mompou. Quite a range, eloquently and intensely played. There is no doubt that aesthetic response is improved by having recently swum and sunbathed, though not by sand between the toes.

2.30 p.m. Cumbre Flamenca. This group, then unknown, made its British debut in Brighton, two years before it took London by storm, where it has now returned for three equally successful seasons. There have been deteriorations.

Juana Amaya, who used to be exciting in a coarse way, still has the best head-turns of all, but her Solea solo has now become just blousy.

Her footwork is the dullest in the company, and she no longer offers the surprising big one-legged steps that used to be her forte.

For three years now, the singer Alfonso "El Veneno" no longer produces the prodigies of long phrasing and coloratura that were once so thrilling.

Even the brilliant veteran Cristobal Reyes has grown rather obviously flamboyant in his Cantinas virtuosity.

But the newcomer, Juan Fernandez, is a marked improvement in the Farruca to his predecessor (Antonio Canales); he conceives his solo in terms of its musical architecture.

And in the Alegrias, Mariquilla confirms the welcome impression she made on joining the company in its last London season – exuberant, stout, joyous and infectious.

5 p.m. Quick bookshop-combing, then dinner.

7.30 p.m. *Theatre Royal*. Music Theatre London/Vienna, straight from their success in Vienna (see Jackie Wullschläger's review in last Friday's paper), in *Cinderella*, celebrating the Rossini bicentenary. This will reach London later in the summer – another example of Brighton being the early bird.

Rossini's touching comedy of good versus bad manners adapts naturally to this updating and free translation. The social-climbing oiks and sneering green-welly brigade in this far-from-classless society are easy targets for Nick Broadhurst's staging.

The result - by no means avant-garde – is a properly Rossinian mix of uproarious fun and piercingly true lyric emotion.

I usually cry in this opera, but have never been so struck by the unnatural cruelty of Cinders's family. I had somehow expected a more hacked-about version of Rossini's score, but the only real changes are that the *secco* recitatives are replaced by speech, and that (pantomime fashion) the prince is a soprano (highest voice in the cast) and the two sisters are tenors: one of whom, *Clorinda*, reinstates her oft-cut aria (she would, wouldn't she).

Not all the cast can sing well; Alidoro's aria is a trial. The vocal honours go to Jan Hartley Morris as Cinderella (she was also excellent as Magnolia in *Show Boat* at the Palladium last year); she is also very touching.

Comic honors go to William Relton and Simon Butteriss as the two sisters. They are already the funniest pair since Ashton and Helpmann - and wholly different, brassy and deeply selfish - and, with a tad less outrageousness and more subtlety, become the wittiest.

10.30 p.m. *Old Ship Hotel*. Holsten Impro. This quintet keeps up the art of comic improvisation for over two hours (including interval) to a packed house.

Half the show is enactments of "Meanwhile. . ." scenes suggested by the audience. Meanwhile on holiday with Fergie; meanwhile down in the gutter; meanwhile in the sex shop; meanwhile under the microscope.

As in Consequences, the more innocent the direction, the more ludicrously suggestive the scene becomes.

Jazz Café

THE liner-like Jazz Café in Camden Town is still without an owner, but is not yet rudderless. In the final throes of its previous owners' programming, the club continues to delight with such gems as a Joe Henderson quartet. Not that there were no disappointments: the beer chilling equipment was bust and cool bassist Charlie Haden failed to materialise.

Disappointment evaporated, however, with the sight and sound of Al Foster seated at a strangely tall drum kit and Renee Rosnees at the grand, alongside the slight frame of the voguish Californian tenorist. Henderson's most recent recording, *Lush Life (The Music of Billy Strayhorn)* (Verve 511779-2) which features Wynton Marsalis on trumpet, currently holds the No.1 slot in the US Billboard jazz chart. A selection of standards, *The Standard Joe* (Red Records/Harmonia Mundi, 123248-2), with Al Foster, is out soon.

Henderson is an insidious stylist whose technique detracts from that of his post-Coltrane peers. Not so much a series of rumbustious licks, Henderson's soloing consists of long, mellow and nagging passages, which both he and the listener can take some time to warm up to. Indeed, for some of us hanging over the rail on the top deck of an almost tropical *Jazz Café*, it seemed that Henderson might be drifting away at times. Before the doldrums set in however, the melody flows again pulling him back into view.

Where Henderson's passages were expansive and subtly persuasive, they were in sharp contrast to Al Foster's jolly crash-bang-wallop accompaniment. Foster is an ex-Miles Davis sideman and equally at home with bop, abstraction or fusion. Alongside Henderson, he bided his time with gentle fills ready to explode as the leader left the stand.

The quartet makes a splendidly dislocated ensemble, pianist Rosnees' spidery technique and blue glissando adding another, more subdued, colour. She and Foster, who did use a great deal of stick, enjoyed some samba interplay, bumped along ably by Larry Grenadier, who had the unenviable job of replacing Haden.

But Henderson is the focus of the unintroduced, gentle tunes and if he did take a while to get dug in, it was worth the wait.

Radio/**B.A. Young**

Baby unit at Holloway

JENNI Murray presented part of *Woman's Hour* on Tuesday from the prison chapel of Holloway Prison. It marked the opening of the mother-and-baby unit, one of Judge Tumim's proposals, that will provide a kind of normal life for the young mothers.

Inmates can give birth in prison (in former days women so far into pregnancy were usually acquitted!) and breast-feed their babies. The rule is, however, that babies must be given up after nine months. Esther Rantzen, in the visiting party, proposed that, if this limit is enforced, there should be a nearby toddlers' unit.

There were some 200 prisoners and prison officers at the opening, and they had their chance to put questions and make suggestions. There was a feeling of friendly cooperation both between prisoners and officers. Much emphasis was given to letter-writing, evidently an important concern to the prisoners.

The Bill Naughton celebration moved to Radio 4, where on Sunday and Monday they gave his last play, *Derby Day*, a two-part job set in working-class Bolton in 1921. It had exchanges like "She's having a stand-up bath.' – "What, on a Wednesday?". A seven-shilling win on a shilling bet was a fortune.

World War One songs and recollections abounded, a harvest of nostalgia for those who cared. But the tales were only of magazine-story quality, even if we did have a live close-up of Polly giving birth to a son in her front kitchen. Very nicely done under Jane Morgan's direction.

The Monday evening play, for such as had survived all that Naughton, was *Heretics* by Alison Leonard. Its principals all wanted to become priests. They were gay Gavin, in love with rough Bernard; Keith, married to Maggie, but in love with Julie (who wants to be a nun); and Maggie herself, of whom I mainly learned that she could not pray to a feminine God.

Radio 3's prime offer was a 15-minute German piece, *Der Findling*, a Prix Futura winner in 1991, which I heard last year and was entranced to hear again. It is a setting of part of Heiner Muller's poem about a young East Berliner, adopted by his hard-Left father from a Nazi camp, later shopped by him for his radical opinions. When the Berlin wall comes down, the new Germany proves not what he was after, not all that Coca-Cola: we struggled so hard, now all will be forgotten. The repeated *vergessen und vergessen und vergessen* is dreadful.

My German is poor, but I heard my tape two or three times when it was done last and have heard it three times so far this week - not only for the fine rhythmic speaking of the verse, but for the wonderfully imaginative background assembled by the director, Heiner Goebbels.

The play was given as part of a double bill, the other half an adaptation of Susan Sontag's *The Way We Live Now*, a symphony of voices discussing the illness (presumably Aids, though not specified) of a friend. This was re-translated from Valerie Stiegeler's adaptation in German, and is played by a star British company under Michael Fox.

On Tuesday, Radio 4 gave us the first of two pieces on the Mission Aviation Fellowship, which provides free air transport in 36 countries with 300 light aircraft. This week we heard about about a flight from Kampala to Karamoja in northern Uganda: first, a hospital in Kotido where they run "eye safaris" to heal trachoma and so on, then on to Morota, near the Kenya border, where a British blacksmith teaches the villagers to use old car-springs in simple engineering.

Next week we go from Mwanza in Tanzania to Magwanza on the border with Burundi, where a 100-bed hospital serves an area as big as Wales. I liked the MAF even better than those talkative flying doctors in the Antipodes. ment of yesterday's *Kaleido*

Correction

■ Yesterday's *review of* Venus Observed *wrongly attributed the parts of Perpetua and Rosabel to Heather Stannard and Valerie Taylor. It was they who played in the original production. At Chichester the parts are played by Susannah Harker and Kate O'Mara. I apologise for the error. The compliments stand.* MR.

Magritte: master of the surreal

***William Packer** considers the life of the playful Belgian artist*

OF ALL the movements of modernism, Surrealism is the most accessible, which is both its great virtue and essential limitation. With Surrealism, the image is everything, that is to say the idea proposed in all its incongruity, the story told to its false end, the joke ever chasing its own tail. Visual it may be in its expression, but Surrealism remains at heart a literary form.

It may be the hallucinatory reverie of a Dali, the ambiguous invention of an Ernst, the abstracted firmament of a Miro: whatever the case, we can always see, if not what it means exactly, at least a meaning to guess at or imagine. Given so much to hold the eye and engage the mind, to turn then to the consideration of such work in more formal terms, in its qualities of line and surface, paint on canvas, may seem to many if not actually perverse, at the very least, irrelevant.

With the work of the Belgian painter, René Magritte, the archetypal bourgeois in the bowler hat, faceless, impassive and elusive, we face the problem as an extreme case.

Where, with Ernst for example, there would always be at least some overt painterly engagement with surface and material to bring us back to the work as work, or, with Dali, an insistent self-promotion to persuade us of an immaculate, entirely bogus technical mastery, with Magritte there are only the images, left to play their quiet conundrums, jokes and contradictions upon themselves.

Those images are powerful enough in all conscience – the back of the head repeated in the mirror; the face as naked female torso; the lamp alight in the night-time that is midday; the unlaced feet; the painting of a landscape that is a painting of a landscape that is a painting of a landscape. Both by direct quotation and example in principle, these things have become long since the commonplace of advertising and illustration.

Yet, with the artist himself conspicuous by his absence, with no actual public presence, in the manner of a Dali or a Picasso, to invite further interest and speculation to the work, the received opinion was ever that as painting on canvas, these things were as dull as their author, mechanical statements, touching, if anything, only in their obvious simplicity. *Mutatis mutandis*, we think of Lowry in this respect, an isolated and reclusive figure whose peculiar and long-familiar imagery still comes between the artist and a true recognition of his actual quality as a painter *qua* painter.

This large and splendid exhibition, beautifully selected for the organisers, the South Bank Centre, by Sarah Whitfield and David Sylvester, confounds all such comfortable prejudice. It covers the whole career, from around 1920 to 1967, the year of Magritte's death, just short of 69. Many of the more familiar works are of course included, but the great virtue of the show, as of Surrealism itself, is its quality of surprise.

As strong and surprising as anything are the earliest works, which give the lie to any supposition that that the young Magritte was no more than a natural. They show him, on the contrary, as alive as any of his fellows to the currency of modernism, in particular to the decorative later phases of synthetic Cubism.

No less pervasive at that time, but more powerful and lasting upon him, was the influence of the young metaphysical painters, of the Italians most of all, Carlo Carra and Giorgio de Chirico especially, but also such northern equivalents as the German, George Grosz.

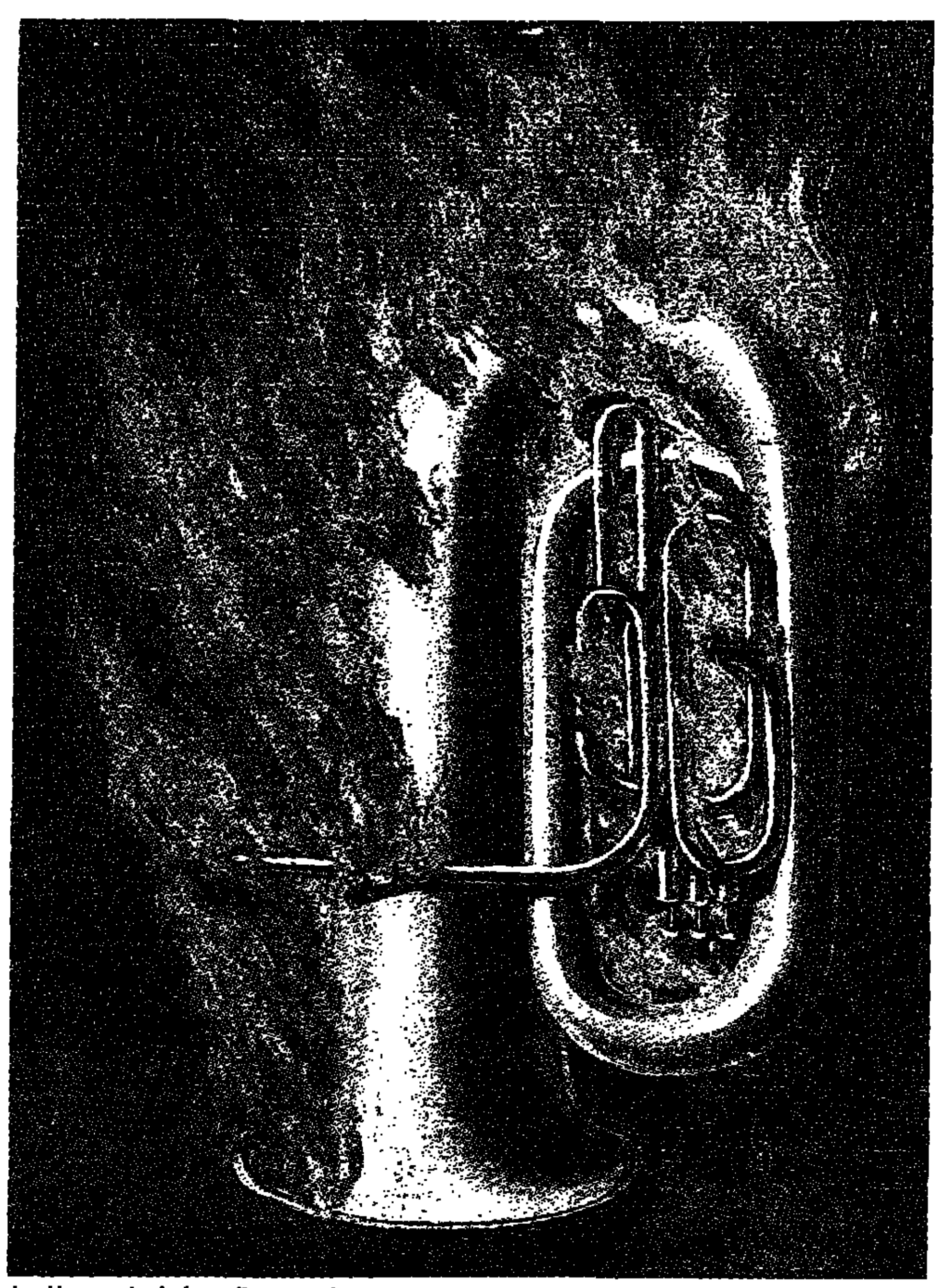
After his own fashion, Magritte was to remain in essence a metaphysical throughout his career. No matter that he would take to himself many of the devices of high Surrealism, the psychological reversals, contradictions and bizarre conjunctions – the draped head of his drowned mother, the tubas, the guns, the suitcases, the galaxies of floating bells, the strong man at the circus.

No matter, on the other hand, looking to Dada, that he would play all the formal, proto-conceptual games – the artist painting, quite literally, his model and just coming to the arm; the nude wrestling with her lover/violator, yet still but a single figure; the sky drawn forward physically on to the foreground stage, like cut sheet-metal. Even more particular to the conceptual are the plays on words as images – the pipe declared not to be a pipe; the clock labelled as the wind, the jug as a bird; the grey blob that is the horizon, a wardrobe, a person bursting into laughter.

Even so, whichever the particular preoccupation of the moment – and such themes continue from his maturity to the end – there is constant in the statement of the image a quiet intensity of realisation, at once febrile and yet ironical and detached, that marks him for ever as the true metaphysical.

His is the poetry of an visual possibility, of a hermetic, pictorial, other world – and it depends, as does all poetry, entirely on the quality of its making. The marks, as the words, must be just right.

Magritte, *au fond*, is after all as subtle and delicate a painter as Chardin, the mark effective, particular and to the point, the surface most beautifully controlled. There are aberrations and diversions, of course, odd excursions into Renoiresque pastiche and variations upon Matisse, but always he is back soon to his true self, and to that strange stone surface laid, immaculate, over all, the lapidary flash of lightning at once epic and monumental.



La découverte du feu, oil on panel

Magritte: Hayward Gallery, until August 2, then to the Metropolitan Museum of Art, New York; the Menil Collection, Houston;and the Art Institute of Chicago.

Chess No 925:
1 Qd8, and mate next move.

Record Review/**Ronald Crichton**

18th century opera

André Campra, Idomenée, William Christie and the Arts Florissants, French Harmonia Mundi, HMC 901396/7/8, 3 CDs
André Campra used for his *Idomenée* a text by Antoine Danchet on which, 60 years later, Varesco based his libretto for Mozart's *Idomeneo*.

Campra's opera, as may be imagined, does not have the musical richness or dramatic sweep of Mozart's masterpiece. Yet, as this recording shows it can stand on its own feet, a fine example of the tragédie lyrique, the formerly scorned art-form, now re-examined and restored to grace.

Campra, the Provençal who had a long and successful career in Paris as composer of church music and operas, was a leading figure of the period between Lully and Rameau.

There are interesting differences. Mozart's ending, if not exactly happy, is peaceful. Campra's Idomeneus persuades himself that Neptune will absolve him of his vow if he gives up the throne, but Nemesis warns that the sea-god is implacable. Idomeneus loses his reason, slays his son, tries to kill himself but is prevented. His punishment is to remain alive.

One crucial scene is rather better managed in the earlier opera – the moment when Idomeneus realises the stranger he must kill is his son Idamante. Mozart shortened the scene because the Munich singers were poor actors. Danchet and Campra, in the later (1731) version given here, lengthened theirs because the Paris singer-actors were so good.

Electra emerges as the most rounded character. She has nothing so sensational to sing as her Mozartian counterpart, but her slow, sad, siciliana-like solo "Aimable espérance", at the point where Mozart placed his barcarolle chorus, is a beautiful, surprising piece, admirably sung by Sandrine Piau. Her sympathetic voice makes the efficient Ilione (Ilia) of Monique Zanetti sound shrill by comparison.

The bass Bernard Deletré and the high tenor Jean-Paul Fouchécourt are well contrasted as the wretched king and his son.

Jérome Corréas takes four roles: his vituperative Jealousy is enjoyable. So is Mary Saint-Palais in the showy ariette in the last act. Some of the soloists begin so nervously (they recover) that retakes would have been justified.

Campra was a thorough professional. All the facets of the style are brightly polished. He had a pleasing gift for melody and was a dab hand at dance music, of which there is plenty. Christie and his orchestra and chorus perform with their usual high definition and rhythmic salt. *Idomenée* is much more than an archaeological exercise.

Jean-Phillipe Rameau, Pygmalion and Nélée et Myrthis , William Christie and the Arts Florissants, HMC 901381,1 CD
Changing to Rameau for Christie and the Arts Florissants' other recordings, the two "actes de ballet", *Pygmalion* and *Nélée et Myrthis*, reveal a higher plane of stimulation and invention.

Rameau wrote a number of these one-acters – they are the equivalent more or less of one "entrée" of a big opera-ballet. *Pygmalion* has been recorded before, by Leonhardt, and was in the repertory of Kent Opera.

The music crackles with surprises, from the overture with the tapping of the sculptor's chisel to the mini-divertissement during which the statue which Pygmalion loves, and which Amor has helped bring to life, is taught to dance.

The expert high tenor Howard Crook is the sculptor, Sandrine Piau is Amor, Donatienne Michel-Dansac the statue.

Nélée et Myrthis, is a brief anecdote about a victorious athlete, Nélée who puts Myrthis' love for him to the test. It contains expressive short airs, dialogue admirably set in recitative and, like *Pygmalion*, it broadens out towards the ends.

Jérome Corréas is the (unusually) low-voiced hero; Agnes Mellon, in good form, is Myrthis; Françoise Semellaz sings Corinne, who pretends to steal Nélée.

These carefully fashioned "actes de ballet" are no more minor works than, say, Bach's church cantatas, of which they form a kind of profane counterpart.

Jean-Joseph Cassanéa de Mondonville, Titon et l'Aurora, Marc Minkowski and the Musicians du Louvre, Ertao Musifrance 2292-45715-2, 2 CDs
De Mondonville was a mid-18th century musician of wide activity. He wrote stage works, motets and chamber music and held the post of intendant to the Chapel Royal. His "heroic pastoral" *Titon et l'Aurora* was produced in 1753 at the Opéra in Paris with Marie Fel and the tenor Jélyotte.

Titon is a shepherd in love with the goddess Aurora. There is another couple anxious to destroy their happiness and briefly and unsuccessfully joining forces to do so – the wood-nymph Pales and the wind-god Aeolus (classless society!). The work runs most pleasantly on the lines laid down so securely by Lully many years before. There is a feeling that baroque is yielding to rococo.

The performance was recorded live in the Rheims Theatre by Marc Minkowski and the Musicians du Louvre, stimulating as usual. The Ensemble vocal Françoise Herr provides the chorus.

Jean-Paul Fouchécourt's Titon is distinguished. As Aurora, Catherine Napoli is agile and a little thin-toned (all these records leave a suspicion behind that light French sopranos are reverting to old ways). As Aeolus, Philippe Huttenlocher adopts a comic voice which does not disguise unsteadiness. Jennifer Smith's Pales brings a note of genuine comedy and her tone is not thin.

The Ghost Sonata

THIS is one of Strindberg's last and maddest pieces, the fourth of the five "chamber plays" he wrote for his own Intimate Theatre between 1907 and 1909. It is brave of the Sturdy Beggars company to take a shot at it.

As with virtually every Strindberg opus from *A Dream Play* (1901) onward, it sets its players a fearful challenge: to sustain all the near-hysterical intensity of his earlier plays, but without their dramatic springboards in intimately cruel relationships.

Where the principals in earlier Strindberg are so deeply embattled that we can't help but respond and blench, the characters in the late plays are like lonely asteroids. They are scarred, and by each other, but from long past; now they revolve in their private griefs, and their interactions are only formal and backward-looking – much as in late Ibsen. Strindberg imagined them as finding their own paths toward disillusioned, body-hating "mystical" wisdom, much as in Schopenhauer.

Except for the innocent (and under-written) young lovers, everybody in *The Ghost Sonata* is soon unmasked as ferally driven and monstrous, but their dramatic exchanges amount to little more than Gilbert and Sullivan-style revelations: who actually fathered whom, who is guilty of which fraudulent pretensions.

I doubt *The Ghost Sonata* can be played at full value now to audiences inured to "black comedy". We ought to be continually jolted as the decorous disguises are torn away and the tortured grotesques expose themselves. Instead we snigger knowingly, and don't recognise anything like spiritual anguish among these venomous cartoon-creatures.

In Jonas Finlay's production, a gratuitous prologue displays the entire company mopping, mowing and gibbering in slow motion. Creepily effective; but by revealing that these people are obsessive loonies, it devalues anything that they may come to feel later.

It pre-empts Strindberg's intended development from a chance encounter, slightly odd but ordinary, to psychic vampirism and convulsive guilt.

Within the chosen terms, everyone in this lively company has something weird to contibute. Yet a twitching Chales Addams Family is no subtitute for an agonised Strindberg crew; and besides, the play affords too little room for their sour antics to be funny in their own right, whilst crying out vainly for its own note of real desperation.

Joe Orton and *The Rocky Horror Show* are all too comfortingly near, when we should not be thinking of them at all.

David Murray

New End Theatre, London NW3, to 21 June